

Consolidated Financial Summary Cumulative Second Quarter of FY2020

(April 1, 2019 – September 30, 2019)

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 FY2020 (under IFRS)

October 31, 2019

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
 Contact: Mahoro Kurata, Manager, Tel. 048-462-1121
 Public Relations Section, Administration Department
 Scheduled date for filing of quarterly securities report: November 8, 2019
 Scheduled date of commencement of dividend payment: December 2, 2019
 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 FY2020 (April 1, 2019 – September 30, 2019)

(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 FY2020	191,791	-5.2	17,773	-4.4	19,071	-4.7	14,199	-2.2	11,101	-4.0	7,219	-59.6
Second quarter of FY2019	202,340	-9.5	18,583	-19.7	20,010	-18.2	14,520	-19.0	11,560	-11.4	17,879	-13.5

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Second quarter of FY2020	163.26	—
Second quarter of FY2019	170.01	—

(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 FY 2020	355,565	275,935	258,090	72.6	3,795.58
FY2019	358,265	277,424	255,617	71.3	3,759.21

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
FY2019	—	42.00	—	42.00	84.00
FY2020	—	43.00			
FY2020 (forecast)			—	43.00	86.00

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

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
FY2020	380,000	-7.8	33,000	-14.9	35,200	-15.0	26,800	-13.7	21,400	-16.9	314.72

(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 : 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	2Q of FY2020	68,000,000 shares	FY2019	68,000,000 shares
2) Number of treasury stock at the end of the term	2Q of FY2020	2,327 shares	FY2019	2,275 shares
3) Average number of shares during the term (cumulative)	2Q of FY2020	67,997,684 shares	2Q of FY2019	67,997,835 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 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.

For materials used for the results briefing held on October 31, 2019, refer to the following link on our website (<https://www.tstech.co.jp/english/>).
 (IR Information) <https://www.tstech.co.jp/english/ir>

○Table of Contents

1. Qualitative Information Concerning Quarterly Results	2
(1) Qualitative Information Concerning Consolidated Financial Results.....	2
(2) Qualitative Information Concerning Consolidated Financial Positions.....	4
(3) Qualitative Information Concerning Consolidated Forecasts	4
2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto	5
(1) Condensed Quarterly Consolidated Statement of Financial Position	5
(2) Condensed Quarterly Consolidated Statements of Income and Comprehensive Income	7
(3) Condensed Quarterly Consolidated Statement of Changes in Equity	9
(4) Condensed Quarterly Consolidated Statement of Cash Flows.....	11
(5) Notes Concerning Condensed Quarterly Consolidated Financial Statements.....	13

1. Qualitative Information Concerning Quarterly Results

(1) Qualitative Information Concerning Consolidated Financial Results

Revenue for the cumulative second quarter of FY2020 (April 1, 2019 – September 30, 2019) reached 191,791 million yen on a consolidated basis, a decrease of 10,549 million yen (5.2%) from the same period in FY2019, on decreased production, changes to the model mix, lower component and press tool sales, and the impact of exchange rates.

Looking at profits, operating income stood at 17,773 million yen, a decrease of 809 million yen (4.4%) year-on-year due to the impact of lower revenue, offsetting aggressive cost-cutting measures and efforts to keep expenses down. Income attributable to owners of parent amounted to 11,101 million yen, a decrease of 458 million yen (4.0%) year-on-year.

*USD/JPY average first half exchange rate... FY2019: ¥110.3 FY2020: ¥108.6

*CNY/JPY average first half exchange rate... FY2019: ¥16.8 FY2020: ¥15.7

Operating performance by segment is as follows.

(Japan)

(Unit: million yen)

	Cumulative second quarter of FY2019	Cumulative second quarter of FY2020	Difference	Change
Revenue	42,432	39,569	-2,862	-6.7%
Operating income	4,606	3,753	-852	-18.5%

Main factors for year-on-year change

Revenue	Revenue decreased primarily due to lower research revenue and component sales, offsetting an improved model mix.
Operating income	Operating income decreased mainly due to the effects of lower revenue and exchange rates.

(Americas)

(Unit: million yen)

	Cumulative second quarter of FY2019	Cumulative second quarter of FY2020	Difference	Change
Revenue	94,838	93,983	-855	-0.9%
Operating income	4,615	6,082	1,467	31.8%

Main factors for year-on-year change

Revenue	Revenue remained largely unchanged year-on-year due to lower press tool sales and the impact of foreign currency translation, offsetting increased production and an improved model mix.
Operating income	Operating income increased due to various cost containment and cost-cutting measures.

(China)

(Unit: million yen)

	Cumulative second quarter of FY2019	Cumulative second quarter of FY2020	Difference	Change
Revenue	46,575	45,161	-1,413	-3.0%
Operating income	8,983	9,526	543	6.0%

Main factors for year-on-year change

Revenue	Revenue decreased slightly due to changes to the model mix and the impact of foreign currency translation, offsetting the impact of increased production.
Operating income	Operating income increased due to various cost containment and cost-cutting measures, offsetting the impact of lower revenue.

(Asia and Europe)

(Unit: million yen)

	Cumulative second quarter of FY2019	Cumulative second quarter of FY2020	Difference	Change
Revenue	34,950	26,626	-8,323	-23.8%
Operating income	3,086	1,880	-1,206	-39.1%

Main factors for year-on-year change

Revenue	Revenue decreased primarily due to the impact of decreased production and lower component sales, offsetting an improved model mix.
Operating income	Operating income decreased primarily due to the impact of lower revenue, offsetting various cost containment and cost-cutting measures.

Sales by business segment are as follows:

(Unit: million yen)

	Cumulative second quarter of FY2019		Cumulative second quarter of FY2020		Difference	Change
		Sales ratio		Sales ratio		
Motorcycles	2,898	1.4%	2,322	1.2%	-575	-19.9%
Automobiles	196,698	97.2%	186,800	97.4%	-9,898	-5.0%
(Seats)	173,710	85.9%	164,881	86.0%	-8,829	-5.1%
(Interior products)	22,987	11.4%	21,918	11.4%	-1,068	-4.6%
Other businesses	2,743	1.4%	2,668	1.4%	-75	-2.7%
Total	202,340	100.0%	191,791	100.0%	-10,549	-5.2%

(2) Qualitative Information Concerning Consolidated Financial Positions

(Assets)

Assets at the end of the second quarter of FY2020 stood at 355,565 million yen, a decrease of 2,700 million yen from the end of FY2019. This change is mainly due to a decrease in trade and other receivables stemming primarily from the impact of foreign currency translation and lower order volume from major customers, and a decrease in other financial assets driven by a reduction in time deposits and the fair market valuation of shareholdings. These factors offset an increase in cash and cash equivalents stemming from the allocation of net income.

(Liabilities)

Liabilities at the end of the second quarter of FY2020 amounted to 79,630 million yen, down 1,210 million yen from the end of FY2019. This change resulted mainly from a decrease in trade and other payables on the impact of currency translation, as well as a reduction in deferred tax liabilities driven by the fair market valuation of shareholdings, offsetting an increase in other financial liabilities in conjunction with the adoption of IFRS 16 “Leases.”

(Equity)

Equity at the end of the second quarter of FY2020 was 275,935 million yen, down 1,489 million yen from the end of FY2019. This change is primarily the result of a decrease in other components of equity on a reduction in currency translation adjustments and a decrease in non-controlling interests due to payment of dividends to non-controlling interests, offsetting an increase in retained earnings stemming from the allocation of net income.

(3) Qualitative Information Concerning Consolidated Forecasts

Taking into account the consolidated financial results for the cumulative second quarter of FY2020 as well as the current trend in orders from major customers, the Group has revised the consolidated results forecasts it announced on April 26, 2019 as follows.

The assumed average full-year exchange rates are USD/JPY: ¥108.3 and CNY/JPY: ¥15.4.

Revisions to full-year consolidated forecasts for FY2020 (April 1, 2019 – March 31, 2020)

	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)	400,000	36,500	38,300	29,200	24,200	355.89
Revised forecasts (B)	380,000	33,000	35,200	26,800	21,400	314.72
Difference (B-A)	-20,000	-3,500	-3,100	-2,400	-2,800	
Change in %	-5.0	-9.6	-8.1	-8.2	-11.6	
(Reference) Results from previous fiscal year (FY2019)	412,072	38,793	41,407	31,064	25,750	378.70

2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Unit: million yen)

	FY2019 (As of March 31, 2019)	Second quarter of FY2020 (As of September 30, 2019)
Assets		
Current assets		
Cash and cash equivalents	128,647	136,158
Trade and other receivables	67,774	63,339
Other financial assets	18,596	16,571
Inventories	25,948	25,523
Income tax receivables	1,117	1,362
Other current assets	5,713	5,480
Total assets	247,797	248,436
Non-current assets		
Property, plant and equipment	71,515	71,142
Intangible assets	10,080	9,002
Investments accounted for using the equity method	1,484	1,351
Other financial assets	22,466	21,182
Net defined benefit asset	2,535	2,413
Deferred tax assets	1,778	1,517
Other non-current assets	607	519
Total non-current assets	110,467	107,129
Total assets	358,265	355,565

(Unit: million yen)

	FY2019 (As of March 31, 2019)	Second quarter of FY2020 (As of September 30, 2019)
Liabilities and equity		
Current liabilities		
Trade and other payables	64,747	63,442
Current borrowings	157	157
Other financial liabilities	773	788
Income taxes payable	1,772	2,595
Provisions	271	86
Other current liabilities	3,673	3,459
Total current liabilities	71,395	70,530
Non-current liabilities		
Non-current borrowings	75	—
Other financial liabilities	745	1,915
Net defined benefit liability	1,365	1,370
Provisions	99	89
Deferred tax liabilities	5,326	3,871
Other non-current liabilities	1,832	1,853
Total non-current liabilities	9,445	9,099
Total liabilities	80,840	79,630
Equity		
Capital stock	4,700	4,700
Capital surplus	5,171	5,171
Treasury stock	-5	-5
Retained earnings	240,038	248,328
Other components of equity	5,712	-104
Total equity attributable to owners of parent	255,617	258,090
Non-controlling interests	21,807	17,844
Total equity	277,424	275,935
Total liabilities and equity	358,265	355,565

(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 FY2019 (April 1, 2018 – September 30, 2018)	Consolidated cumulative second quarter of FY2020 (April 1, 2019 – September 30, 2019)
Revenue	202,340	191,791
Cost of sales	-166,311	-157,767
Gross profit	36,029	34,023
Selling, general and administrative expenses	-17,906	-16,792
Other income	636	868
Other expenses	-175	-325
Operating income	18,583	17,773
Finance income	1,340	1,167
Finance costs	-60	-108
Share of profit (loss) of investments accounted for using the equity method	147	239
Income before tax	20,010	19,071
Income tax expense	-5,490	-4,872
Net income	14,520	14,199
Income attributable to		
Owners of parent	11,560	11,101
Non-controlling interests	2,959	3,097
Net income	14,520	14,199
Earnings per share		
Basic earnings per share (yen)	170.01	163.26
Diluted earnings per share (yen)	—	—

Condensed Quarterly Consolidated Statement of Comprehensive Income
Consolidated Cumulative Second Quarter

(Unit: million yen)

	Consolidated cumulative second quarter of FY2019 (April 1, 2018 – September 30, 2018)	Consolidated cumulative second quarter of FY2020 (April 1, 2019 – September 30, 2019)
Net income	14,520	14,199
Other comprehensive income		
Components that will not be reclassified subsequently to net profit or loss		
Remeasurements of defined benefits plans	118	65
Financial assets measured at fair value through other comprehensive income	310	-757
Total components that will not be reclassified subsequently to net profit or loss	429	-692
Components that may be reclassified subsequently to net profit or loss		
Differences on translation from foreign operations	2,984	-6,251
Share of other comprehensive income of associates accounted for using the equity method	-53	-35
Total components that may be reclassified subsequently to net profit or loss	2,930	-6,287
Other comprehensive income, net or tax	3,359	-6,979
Comprehensive income for the period	17,879	7,219
Comprehensive income for the period attributable to:		
Owners of parent	15,108	5,284
Non-controlling interests	2,771	1,935
Comprehensive income for the period	17,879	7,219

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Consolidated Cumulative Second Quarter of FY2019 (April 1, 2018 – September 30, 2018)

(Unit: million yen)

	Equity attributable to owners of parent				
	Capital stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity
Balance as at the end of the previous fiscal year	4,700	5,171	-4	219,999	5,723
Cumulative effect of accounting policy change					
Balance as at the end of the previous fiscal year reflective of accounting policy change	4,700	5,171	-4	219,999	5,723
Comprehensive income					
Net income				11,560	
Other comprehensive income					3,548
Total comprehensive income	—	—	—	11,560	3,548
Transactions with owners, etc.					
Dividends				-2,855	
Acquisition of treasury stock			-0		
Total transactions with owners, etc.	—	—	-0	-2,855	—
Balance as at the end of the fiscal year	4,700	5,171	-5	228,703	9,271

	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as at the end of the previous fiscal year	235,589	24,335	259,924
Cumulative effect of accounting policy change			
Balance as at the end of the previous fiscal year reflective of accounting policy change	235,589	24,335	259,924
Comprehensive income			
Net income	11,560	2,959	14,520
Other comprehensive income	3,548	-188	3,359
Total comprehensive income	15,108	2,771	17,879
Transactions with owners, etc.			
Dividends	-2,855	-7,636	-10,492
Acquisition of treasury stock	-0		-0
Total transactions with owners, etc.	-2,856	-7,636	-10,492
Balance as at the end of the fiscal year	247,841	19,470	267,311

Consolidated Cumulative Second Quarter of FY2020 (April 1, 2019 – September 30, 2019)

(Unit: million yen)

	Equity attributable to owners of parent				
	Capital stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity
Balance as at the end of the previous fiscal year	4,700	5,171	-5	240,038	5,712
Cumulative effect of accounting policy change				44	
Balance as at the end of the previous fiscal year reflective of accounting policy change	4,700	5,171	-5	240,083	5,712
Comprehensive income					
Net income				11,101	
Other comprehensive income					-5,816
Total comprehensive income	—	—	—	11,101	-5,816
Transactions with owners, etc.					
Dividends				-2,855	
Acquisition of treasury stock			-0		
Total transactions with owners, etc.	—	—	-0	-2,855	—
Balance as at the end of the fiscal year	4,700	5,171	-5	248,328	-104

	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance as at the end of the previous fiscal year	255,617	21,807	277,424
Cumulative effect of accounting policy change	44		44
Balance as at the end of the previous fiscal year reflective of accounting policy change	255,662	21,807	277,469
Comprehensive income			
Net income	11,101	3,097	14,199
Other comprehensive income	-5,816	-1,162	-6,979
Total comprehensive income	5,284	1,935	7,219
Transactions with owners, etc.			
Dividends	-2,855	-5,898	-8,753
Acquisition of treasury stock	-0		-0
Total transactions with owners, etc.	-2,856	-5,898	-8,754
Balance as at the end of the fiscal year	258,090	17,844	275,935

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Unit: million yen)

	Consolidated cumulative second quarter of FY2019 (April 1, 2018 – September 30, 2018)	Consolidated cumulative second quarter of FY2020 (April 1, 2019 – September 30, 2019)
Cash flows from operating activities		
Income before tax	20,010	19,071
Depreciation and amortization	5,934	6,198
Impairment loss	44	8
Loss (gain) on disposal of non-current assets	-141	-268
Finance income and finance costs	-1,042	-1,203
Share of loss (profit) of investments accounted for using the equity method	-147	-239
Decrease (increase) in trade and other receivables	4,651	1,761
Net decrease (increase) in leased receivables and investment assets	593	263
Decrease (increase) in inventories	-267	-360
Increase (decrease) in trade and other payables	532	1,851
Increase (decrease) in net defined benefit asset or liability	-23	145
Increase (decrease) in provisions	-3,454	-187
Other	-25	-184
Subtotal	26,664	26,855
Interest income received	618	753
Dividend income received	426	355
Interest expenses paid	-58	-82
Income taxes paid	-6,701	-5,160
Cash flows from operating activities	20,948	22,721
Cash flows from investing activities		
Payments into time deposits	-5,569	-7,435
Proceeds from withdrawal of time deposits	462	9,637
Purchase of property, plant and equipment	-2,901	-3,894
Proceeds from sales of property, plant and equipment	62	79
Purchase of intangible assets	-872	-1,720
Purchase of equity instruments	-32	-34
Proceeds from sales of equity instruments	—	0
Payments of loans receivable	-100	-79
Collection of loans receivable	85	90
Other	-5	64
Cash flows from investing activities	-8,871	-3,290

(Unit: million yen)

	Consolidated cumulative second quarter of FY2019 (April 1, 2018 – September 30, 2018)	Consolidated cumulative second quarter of FY2020 (April 1, 2019 – September 30, 2019)
Cash flows from financial activities		
Net increase (decrease) in short-term loans payable	-860	0
Repayment of long-term loans payable	-43	-75
Repayments of lease liabilities	-960	-761
Purchase of treasury stock	-0	-0
Cash dividends paid	-2,855	-2,855
Payment to acquire interests in subsidiaries from non-controlling interests	-6,223	-4,550
Net cash provided by (used in) financing activities	-10,944	-8,242
Effect of exchange rate change on cash and cash equivalents	1,601	-3,676
Net increase (decrease) in cash and cash equivalents	2,733	7,511
Cash and cash equivalents at beginning of period	118,758	128,647
Cash and cash equivalents at end of period	121,492	136,158

(5) Notes Concerning Condensed Quarterly Consolidated Financial Statements

(Changes in Accounting Policies)

The Group has adopted the following accounting standard effective the first quarter of FY2020.

Standard	Standard Name	Standard Summary
IFRS 16	Leases	Revision of accounting procedures related to lease contracts

(Application of IFRS 16 “Leases”)

Whether a contract is or contains a lease will be determined by the content of said contract, even if it does not take the legal form of a lease.

Right-of-use assets and lease liabilities will not be recognized for leases that are considered short-term (having a term less than or equal to 12 months in length) or low value.

Excluding short-term or low-value leases, if a contract is or contains a lease, right-of-use assets and lease liabilities will be recognized on the date of application in the condensed quarterly consolidated statement of financial position. Lease payments related to a short-term or low-value lease will be accounted for as an expense on a straight-line basis over the lease term or another systematic basis.

Right-of-use assets will be measured using a cost model, and said assets will be measured at cost less accumulated depreciation and accumulated impairment losses.

Cost comprises initial direct costs and prepayments that are included in initial measurements of lease liabilities and restoration costs required by lease contracts. Right-of-use assets will be depreciated systematically over either the estimated useful life of an asset or its lease term, whichever is shorter. Lease liabilities will be measured at the present value of future lease payments. Using the effective interest rate method, lease payments will be classified as finance costs or repayments of lease liabilities. Finance costs will be recognized in the condensed quarterly consolidated statement of profit and loss.

As a translation provision, IFRS 16 provides for a method to recognize the cumulative effect of the application of the standard on the date of initial application. The weighted-average incremental borrowing rate used to measure lease liabilities at the date of initial application in the condensed quarterly consolidated statement of financial position is 1.2%.

The application of IFRS 16 offers a practical expedient to grandfather the assessment of contracts identified as containing leases in accordance with IAS 17 “Leases” (hereinafter “IAS 17”) or IFRIC 4 “Determining whether an Arrangement Contains a Lease.” All assessments made following the date of initial application shall be made in accordance with IFRS 16.

In addition, IFRS 16 includes the following practical expedients for leases classified as operating leases under IAS 17.

-- Leases with a lease term expiring within 12 months of the date of initial application will be subject to the same accounting procedures as short-term leases.

--Initial direct costs will be excluded from measurements of right-of-use assets at the date of initial application.

--Hindsight will be used to determine a lease term if a contract contains options to extend or terminate a lease.

An adjustment sheet for contracts classified as non-cancellable operating lease contracts at the end of the previous fiscal year under IAS 17 as well as lease liabilities at the date of initial application recognized in the condensed quarterly consolidated statement of financial position is as follows.

(Unit: million yen)

Non-cancellable operating lease contracts (March 31, 2019)	1,492
Finance lease obligations (March 31, 2019)	1,510
Cancelable operating lease contracts, etc.	570
Lease liabilities (April 1, 2019)	3,572

As a result, an additional 2,107 million yen in right-of-use assets and 2,062 million yen in lease liabilities have been recognized in conjunction with the application of IFRS 16. There is no major impact on operating income or net income.

Right-of-use assets are included in “Property, plant and equipment” and “Intangible assets,” and lease liabilities are included in “Other financial liabilities (current)” and “Other financial liabilities (non-current).”

In addition, “Repayments of finance lease obligations” in the consolidated statement of cash flows has been reclassified as “Repayments of lease liabilities” effective the first quarter of FY2020.

(Notes Concerning Going Concern Assumption)

Not applicable

(Segment Information, etc.)

Information about revenue, profits or losses for reportable segments

Consolidated cumulative second quarter of FY2019 (April 1, 2018 – September 30, 2018)

(Unit: million yen)

	Reporting segments					Adjustments	Amounts stated in consolidated F/S
	Japan	Americas	China	Asia and Europe	Total		
Revenue							
External revenue	30,398	94,143	44,066	33,732	202,340	—	202,340
Inter-segment transfer	12,034	695	2,509	1,217	16,456	-16,456	—
Total	42,432	94,838	46,575	34,950	218,796	-16,456	202,340
Segment profits	4,606	4,615	8,983	3,086	21,291	-2,707	18,583
Finance income and finance costs	—	—	—	—	—	—	1,279
Return on investment using the equity method	—	—	—	—	—	—	147
Income before tax	—	—	—	—	—	—	20,010

(Notes) 1. Adjustments of -2,707 million yen for segment profits include a deduction of -175 million yen for transactions among segments, and operating expenses of -2,532 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 FY2020 (April 1, 2019 – September 30, 2019)

(Unit: million yen)

	Reporting segments					Adjustments	Amounts stated in consolidated F/S
	Japan	Americas	China	Asia and Europe	Total		
Revenue							
External revenue	30,332	93,295	42,375	25,787	191,791	—	191,791
Inter-segment transfer	9,237	687	2,785	839	13,550	-13,550	—
Total	39,569	93,983	45,161	26,626	205,341	-13,550	191,791
Segment profits	3,753	6,082	9,526	1,880	21,243	-3,469	17,773
Finance income and finance costs	—	—	—	—	—	—	1,058
Return on investment using the equity method	—	—	—	—	—	—	239
Income before tax	—	—	—	—	—	—	19,071

- (Notes)
1. Adjustments of -3,469 million yen for segment profits include a deduction of -1,094 million yen for transactions among segments, and operating expenses of -2,374 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.