



Consolidated Financial Highlights for FY2022 (Japanese GAAP)

May 15, 2023

Company name: TACHI-S CO., LTD. Stock exchange listings: Tokyo Stock Exchange

Code number: 7239 URL <https://www.tachi-s.co.jp/>

Representative: (Title) Representative Director, President, CEO & COO (Name) Yuichiro Yamamoto

Contact person: (Title) Representative Director, Executive Managing Officer (Name) Atsushi Komatsu (TEL) 0428-33-1917

Scheduled date of the annual general meeting of shareholders: June 20, 2023 Scheduled date of the payment of cash dividends: May 31, 2023

Scheduled date of submission of securities report: June 20, 2023

Additional materials to financial results : Yes

Holding of the financial results briefing session : Yes (for security analysts and institutional investors)
(Amounts less than 1 million yen are rounded down)

1. Consolidated Financial Results for FY2022 (April 1, 2022 through March 31, 2023)

(1) Consolidated Operating Results (% indicates change from previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2022	243,436	17.9	1,367	-	1,973	-	5,823	-
FY2021	206,441	4.0	(4,203)	-	(3,536)	-	(2,059)	-

(Note) Comprehensive income FY2022 10,973 million yen(308.1 %) FY2021 2,689 million yen(- %)

	Net income per share	Diluted net income per share	Capital adequacy net income ratio	Total assets ordinary income ratio	Sales operating income ratio
	yen	yen	%	%	%
FY2022	170.09	-	7.6	1.2	0.6
FY2021	(60.19)	-	(2.8)	(2.3)	(2.0)

(Note) Equity in earnings (losses) of affiliated companies FY2022 937 million yen FY2021 1,339 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	yen
FY2022	170,004	86,481	47.3	2,346.90
FY2021	158,997	79,181	45.8	2,129.09

(Note) Equity capital FY2022 80,369 million yen FY2021 72,862 million yen

(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 period
	Million yen	Million yen	Million yen	Million yen
FY2022	3,740	6,666	(10,005)	32,863
FY2021	(354)	2,006	(812)	29,360

2. Dividends

	Annual cash dividends per share					Total dividend (Total)	Dividend payout (Consolidated)	Total assets dividend rate (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of fiscal year	Total			
	yen	yen	yen	yen	yen	Million yen	%	%
FY2021	-	31.80	-	31.80	63.60	2,195	-	3.0
FY2022	-	36.80	-	36.80	73.60	2,547	43.3	3.3
FY2023 (forecast)	-	46.40	-	46.40	92.80		-	

Since we are not planning any changes to the certain achievement of an ROE of 8%, one of our management target values for fiscal year 2024, the Company expects an ordinary annual dividend per share of 92.8 yen next term (an interim dividend of 46.4 yen and a term-end dividend of 46.4 yen) for a DOE of 4%. For details, please see "1. Overview of the Operating Results, etc. (5) Basic policy regarding profit distribution and dividends for fiscal year 2022 and 2023" on page 4 of the attached document.

3. Consolidated forecast for FY2023 (April 1, 2023 through March 31, 2024)

Following significant changes in the business environment since the formulation of “Transformative Value Evolution (TVE),” the Company’s medium-term management plan for fiscal years 2021 to 2024, in May 2021, we are currently scrutinizing the progress of TVE and considering its partial revision so we have not yet determined the consolidated results forecast for the fiscal year ending March 31, 2024. We will disclose this information promptly when we become able to do so. For details, please see “1. Overview of the Operating Results, etc. (4) Outlook for the fiscal year ending March 31, 2024” on page 4 of the attached document.

* Notes

(1) Major subsidiary changes during the period (changes affecting the scope of consolidation): Yes

Newly included: companies (Company name) , Excluded: 2 companies (Company names) Zhejiang TACHI-S Automotive Parts Co., Ltd., Zhejiang Fu Chong Tai Automotive Parts Co., Ltd.

(2) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies owing to revisions to accounting standards: Yes
- (ii) Changes in accounting policies except (i) : No
- (iii) Changes in accounting estimates: No
- (iv) Restatement: No

(3) Number of outstanding shares (common stock)

- (i) Number of shares at the end of the fiscal year (including treasury shares)
- (ii) Number of treasury shares at the end of the fiscal year
- (iii) Average number of shares during the period

FY2022	35,242,846 shares	FY2021	35,242,846 shares
FY2022	997,882 shares	FY2021	1,020,382 shares
FY2022	34,236,310 shares	FY2021	34,222,247 shares

(Note) Outline of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for FY2022 (April 1, 2022 through March 31, 2023)

(1) Non-Consolidated Operating Results (% indicates change from previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2022	95,756	27.4	(56)	-	3,648	-	8,732	-
FY2021	75,183	(9.5)	(1,790)	-	(5,888)	-	(2,852)	-
	Net income per share		Diluted net income per share					
	yen		yen					
FY2022	255.07		-					
FY2021	(83.34)		-					

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	yen
FY2022	100,664	52,996	52.6	1,547.58
FY2021	92,307	47,186	51.1	1,378.82

(Note) Equity capital FY2022 52,996 million yen FY2021 47,186 million yen

* These financial highlights are not subject to audit procedures.

* Note for appropriate use of this business forecast and other notices

The above business forecast was based on the information that the company obtained at this time and certain premises that the company judged appropriate. Actual results may differ from this forecast as the result of a variety of factors.

Please refer to the appended materials on page 4 “1. Overview of the Operating Results, etc. (4) Outlook for the fiscal year ending March 31, 2024” for the assumptions underlying the forecasts and precautions when using the earnings forecasts.

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1. Overview of the Operating Results, etc.

(1) Overview of the operating results for the fiscal year under review

In the fiscal year under review, although the Japanese economy saw the revitalization of economic activity progress after a shift to living with COVID-19 infections, the future remains uncertain due to soaring raw material and logistics costs triggered by the impacts of semiconductor shortages and COVID-19 infections. Overseas too, economic activity is tending to recover due to the lifting of the lockdown in Shanghai, China and other factors. However, it is also difficult to perceive the future situation due to factors such as the global shortage of semiconductors and the impact on the global economy of the division of the world caused by the conflict in Ukraine.

In the auto industry in which the Group operates, automobile manufacturers, our customers, continue to be unable to secure initially planned production volumes due to the prolonged shortage of semiconductors and other supply network problems. Although our customers have huge amounts of order backlogs caused by the ongoing supply constraints, the constraints mainly in semiconductor are expected to continue in 2023. Accordingly, in terms of business performance management, it is increasingly important for us to consider how to respond quickly to changes in the production volume of our customers.

During the fiscal year under review, our main activities included improvement of our profit structure including structural reforms and other efforts, mainly in Japan, Latin America, and North America, as well as initiatives to reduce costs by strengthening our manufacturing competitiveness. We have also been striving to improve profitability by streamlining business and promoting thorough cost reductions globally, carrying out activities with certainty in areas that the company can control. In response to cost increases due to sudden production fluctuations at customers caused by the semiconductor shortage and soaring raw material and logistics costs, which we cannot control, we implementing production adjustments to keep the cost increases to a minimum and managed business while communicating appropriately with customers. For the “deepening” of our business portfolio, we are planning to expand not only seat business but also seat parts business, including trim covers, mechanical parts and frames, and in mechanical parts business, we established a new joint venture in India. For “evolution,” we are working on the planning and proposal of new spatial experience value in future mobility as a space producer, as well as the development of system control technology as a basic technology required for its realization, and have completed a prototype of an integrated ECU in collaboration with other companies. For “modernizing,” we are disseminating ideas through open innovation and implementing concept verification. In addition, we have expressed our support for the TCFD as a carbon neutral initiative, and have prepared information disclosure on climate change-related risks and opportunities.

In this operating environment, net sales increased 17.9% over the previous fiscal year to 243,436 million yen, which led to operating income of 1,367 million yen (compared with an operating loss of 4,203 million yen in the previous fiscal year), ordinary income of 1,973 million yen (compared with an ordinary loss of 3,536 million yen in the previous fiscal year), and net income attributable to owners of parent of 5,823 million yen (compared with a net loss attributable to owners of parent of 2,059 million yen in the previous fiscal year) associated with the recording of extraordinary income from the transfer of non-current assets (gain on sale of non-current assets).

Earnings in the business segments are as follows.

(Japan)

Net sales totaled 102,720 million yen (up 27.2% over the previous fiscal year), and operating income was 892 million yen (operating loss of 1,684 million yen in the previous fiscal year).

(North America)

Net sales totaled 50,433 million yen (up 31.0% over the previous fiscal year), and the operating loss totaled 2,052 million yen (operating loss of 2,454 million yen in the previous fiscal year).

(Latin America)

Net sales totaled 63,624 million yen (up 23.7% over the previous fiscal year), and operating income totaled 1,608 million yen (operating loss of 1,627 million yen in the previous fiscal year).

(Europe)

Net sales totaled 352 million yen (down 68.3% from the previous fiscal year), and operating income totaled 350 million yen (up 162.6% over the previous fiscal year).

(China)

Net sales totaled 24,850 million yen (down 23.8% from the previous fiscal year), and operating income totaled 1,072 million yen (down 45.5% from the previous fiscal year).

(Southeast Asia)

Net sales totaled 1,454 million yen (down 28.2% from the previous fiscal year), and the operating loss totaled 397 million yen (operating loss of 342 million yen in the previous fiscal year).

(2) Overview of the financial position for the fiscal year under review

Total assets increased by 11,006 million yen from the end of the previous fiscal year to 170,004 million yen. This was primarily due to an increase of 2,066 million yen in cash and deposits and an increase of 5,299 million yen in accounts receivable.

Total liabilities increased by 3,706 million yen from the end of the previous fiscal year to 83,523 million yen. This was primarily due to an increase of 5,546 million yen in notes and accounts payable, although short-term borrowings decreased by 1,004 million yen and long-term borrowings decreased by 1,000 million yen.

Net assets increased by 7,299 million yen from the end of the previous fiscal year to 86,481 million yen. This was primarily because retained earnings increased by 3,448 million yen and in foreign currency translation adjustments increased by 4,784 million yen.

(3) Overview of the cash flows for the fiscal year under review

Cash and cash equivalents at the end of the consolidated fiscal period under review (hereinafter referred to as "Funds") were 32,863 million yen, up 3,503 million yen (11.9%) compared with the end of the previous consolidated fiscal year.

(Cash flow from operating activities)

Funds obtained from operating activities totaled 3,740 million yen, down 4,095 million yen compared with the previous consolidated fiscal year (use of 354 million yen in the previous consolidated fiscal year). This was primarily due to profit before income taxes improving by 8,595 million yen compared with the previous consolidated fiscal year.

(Cash flow from investing activities)

Funds obtained from investing activities totaled 6,666 million yen, an increase of 4,659 million yen (232.2%) compared with the previous consolidated fiscal year. This was primarily due to proceeds from sale of property, plant and equipment increasing by 2,527 million yen.

(Cash flows from financing activities)

Funds used in financing activities totaled 10,005 million yen, an increase of 9,193 million yen compared with the previous consolidated fiscal year (use of 812 million yen in the previous consolidated fiscal year). This was primarily due to a decrease of 6,611 million yen in short-term borrowings and a decrease of 1,000 million yen in repayments of long-term borrowings.

(Reference) Changes in cash flow-related financial indicators

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Ratio of shareholders' equity (%)	52.5	52.7	48.0	45.8	47.3
Ratio of shareholders' equity ratio at market value (%)	31.5	20.7	27.2	21.4	24.2
Ratio of cash flows to interest-bearing debt (times)	6.8	56.8	-	-	5.3
Interest coverage ratio (times)	32.5	0.6	-	-	7.4

Ratio of shareholders' equity: Shareholders' equity / Total assets

Ratio of shareholders' equity ratio at market value: Market capitalization / Total assets

Ratio of cash flows to interest-bearing debt: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flow / Interest payments

Note 1: All of the above indicators are calculated using consolidated financial figures.

Note 2: Market capitalization is calculated using the Company's total shares outstanding excluding treasury shares.

Note 3: Cash flows from operating activities are used for calculations.

Note 4: Interest-bearing debts cover all debts for which interest is paid among those that are included in the consolidated statement of financial position.

(4) Outlook for the fiscal year ending March 31, 2024

Following significant changes in the business environment since the formulation of “Transformative Value Evolution (TVE),” the Company’s medium-term management plan for fiscal years 2021 to 2024, in May 2021, we are currently scrutinizing the progress of TVE and considering its partial revision so we have not yet determined the consolidated results forecast for the fiscal year ending March 31, 2024. We will disclose this information promptly when we become able to do so.

We are not planning changes to the certain achievement of an ROE of 8% and the target ROE of 10%, our management target values for fiscal year 2024, at the present time.

(5) Basic policy regarding profit distribution and dividends for fiscal year 2022 and 2023

The Company’s basic policy on profit distribution is to return profits positively to shareholders with the goal of reaching a dividend on equity ratio (DOE) of 4% by fiscal year 2024, having adopted DOE as its main financial indicator for dividends and taking comprehensively into account the maintenance of cash flow and a sound financial foundation in the medium to long-term.

The Articles of Incorporation stipulate that the Company can distribute retained earnings on the basis of a resolution by the Board of Directors, and we basically distribute dividends twice a year, once at the end of the first half of the fiscal year and again at the end of the fiscal year.

The year-end dividend for the fiscal year ended March 31, 2023 will be an ordinary dividend of 36.8 yen per share, as per a resolution by the Board of Directors made on this date. As a result, when including the interim dividend of 36.8 yen per share that has already been paid, the annual dividend for this fiscal year will be 73.6 yen.

In addition, since we are not planning any changes to the certain achievement of an ROE of 8%, one of our management target values for fiscal year 2024, the Company expects an ordinary annual dividend per share of 92.8 yen next term (an interim dividend of 46.4 yen and a term-end dividend of 46.4 yen) for a DOE of 4%.

2. Basic Stance on Selecting Accounting Standards

The Group’s policy is to prepare consolidated financial statements using Japanese standards in the near term, taking into account the comparability of consolidated financial statements between periods and between companies.

The Group will respond appropriately to the adoption of IFRS, taking into account conditions in Japan and overseas.

3. Consolidated Financial Statements and Significant Notes

(1) Consolidated statement of financial position

(Unit: Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Assets		
Current assets		
Cash and deposits	32,046	34,113
Notes receivable - trade	3,715	5,170
Accounts receivable - trade	36,164	41,464
Securities	361	-
Merchandise and finished goods	2,666	2,606
Work in process	749	1,027
Raw materials and supplies	13,254	14,382
Other	5,077	7,062
Allowance for doubtful accounts	(42)	(21)
Total current assets	93,994	105,804
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,257	9,996
Machinery, equipment and vehicles, net	10,898	11,071
Land	6,565	6,688
Construction in progress	3,717	2,580
Other, net	4,317	4,351
Total property, plant and equipment	36,756	34,688
Intangible assets		
Other	1,302	999
Total intangible assets	1,302	999
Investments and other assets		
Investment securities	12,733	11,709
Long-term loans receivable	11	10
Deferred tax assets	4,703	5,683
Retirement benefit assets	1,175	1,060
Other	8,748	10,530
Allowance for doubtful accounts	(427)	(482)
Total investments and other assets	26,944	28,511
Total fixed assets	65,003	64,199
Total assets	158,997	170,004

(Unit: Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	34,549	40,095
Short-term borrowings	15,499	14,495
Lease obligations	787	824
Income taxes payable	916	847
Accrued expenses	8,744	8,214
Provision for bonuses for directors	-	30
Provision for loss on litigation	-	312
Asset retirement obligations	-	217
Other	4,584	5,844
Total current liabilities	65,081	70,880
Non-current liabilities		
Long-term borrowings	6,500	5,500
Lease obligations	2,242	1,997
Deferred tax liabilities	3,126	2,521
Provision for retirement benefits for directors	11	-
Provision for share-based remuneration	191	227
Retirement benefit liability	1,698	2,199
Asset retirement obligations	247	54
Other	718	142
Total non-current liabilities	14,734	12,642
Total liabilities	79,816	83,523
Net assets		
Shareholders' equity		
Share capital	9,040	9,040
Capital surplus	8,713	8,713
Retained earnings	47,285	50,734
Treasury shares	(1,462)	(1,426)
Total shareholders' equity	63,577	67,061
Other comprehensive income		
Valuation difference on available-for-sale securities	1,215	630
Foreign currency translation adjustments	7,938	12,723
Remeasurements of defined benefit plans	131	(46)
Total other comprehensive income	9,285	13,307
Non-controlling interests	6,318	6,111
Total net assets	79,181	86,481
Total liabilities and net assets	158,997	170,004

(2) Consolidated statements of income and comprehensive income

Consolidated statement of income

(Unit: Millions of yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Net sales	206,441	243,436
Cost of sales	193,573	223,267
Gross profit	12,867	20,168
Selling, general and administrative expenses		
Employee salaries and allowances	5,962	6,389
Provision for bonuses for directors	-	30
Retirement benefit costs	68	212
Provision for retirement benefits for directors	2	1
Shipping expenses	2,038	2,403
Depreciation expenses	866	705
Provision of allowance for doubtful accounts	30	22
Other	8,102	9,037
Total selling, general and administrative expenses	17,071	18,801
Operating profit (loss)	(4,203)	1,367
Non-operating income		
Interest income	308	361
Dividend income	212	196
Share of profit of entities accounted for using equity method	1,339	937
Miscellaneous income	583	547
Total non-operating income	2,443	2,043
Non-operating expenses		
Interest expenses	288	637
Foreign exchange losses	818	646
Miscellaneous expenditures	669	152
Total non-operating expenses	1,776	1,437
Ordinary profit (loss)	(3,536)	1,973
Extraordinary income		
Gain on sales of non-current assets	3,042	5,390
Gain on sales of investment securities	1,158	715
Gain on sales of investments in capital of subsidiaries and associates	-	315
Total extraordinary income	4,201	6,421
Extraordinary loss		
Loss on disposal of non-current assets	108	139
Business restructuring and improvement expenses	110	127
Provision for loss on litigation	-	304
Impairment loss	684	-
Loss on liquidation of subsidiaries	386	-
Extra retirement payments	146	-
Total extraordinary losses	1,436	571
Profit (loss) before income taxes	(772)	7,823
Income taxes - current	1,803	1,835
Income taxes - deferred	(830)	(555)
Total income taxes	973	1,280
Profit (loss)	(1,745)	6,543
Profit attributable to non-controlling interests	314	720
Profit (loss) attributable to owners of parent	(2,059)	5,823

Consolidated statement of comprehensive income

(Unit: Millions of yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Profit (loss)	(1,745)	6,543
Other comprehensive income		
Valuation difference on available-for-sale securities	(751)	(584)
Foreign currency translation adjustments	4,090	4,421
Remeasurements of defined benefit plans	(89)	(177)
Share of other comprehensive income of associates accounted for under the equity method	1,184	771
Total other comprehensive income	4,434	4,430
Comprehensive income (loss)	2,689	10,973
(Breakdown)		
Comprehensive income attributable to owners of parent	1,641	9,844
Comprehensive income attributable to non- controlling interests	1,047	1,128

(3) Consolidated statement of changes in shareholders' equity, etc.

Previous fiscal year, ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,040	8,700	50,664	(1,451)	66,954
Changes during period					
Dividends of surplus			(1,318)		(1,318)
Profit (loss) attributable to owners of parent			(2,059)		(2,059)
Purchase of treasury shares				(256)	(256)
Disposal of treasury shares		12		245	257
Net changes in items other than shareholders' equity					
Total changes during period	-	12	(3,378)	(11)	(3,377)
Balance at end of period	9,040	8,713	47,285	(1,462)	63,577

	Other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other comprehensive income		
Balance at beginning of period	1,967	3,396	220	5,584	6,131	78,670
Changes during period						
Dividends of surplus						(1,318)
Profit (loss) attributable to owners of parent						(2,059)
Purchase of treasury shares						(256)
Disposal of treasury shares						257
Net changes in items other than shareholders' equity	(751)	4,542	(89)	3,701	187	3,888
Total changes during period	(751)	4,542	(89)	3,701	187	511
Balance at end of period	1,215	7,938	131	9,285	6,318	79,181

Current fiscal year, ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	9,040	8,713	47,285	(1,462)	63,577
Changes during period					
Dividends of surplus			(2,374)		(2,374)
Profit (loss) attributable to owners of parent			5,823		5,823
Purchase of treasury shares					-
Disposal of treasury shares				36	36
Net changes in items other than shareholders' equity					
Total changes during period	-	-	3,448	36	3,484
Balance at end of period	9,040	8,713	50,734	(1,426)	67,061

	Other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other comprehensive income		
Balance at beginning of period	1,215	7,938	131	9,285	6,318	79,181
Changes during period						
Dividends of surplus						(2,374)
Profit (loss) attributable to owners of parent						5,823
Purchase of treasury shares						-
Disposal of treasury shares						36
Net changes in items other than shareholders' equity	(584)	4,784	(177)	4,021	(206)	3,814
Total changes during period	(584)	4,784	(177)	4,021	(206)	7,299
Balance at end of period	630	12,723	(46)	13,307	6,111	86,481

(4) Consolidated statements of cash flows

(Unit: Millions of yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit (loss) before income taxes	(772)	7,823
Depreciation expenses	5,631	5,732
Impairment loss	684	-
Amortization of goodwill	10	-
Increase (decrease) in allowance for doubtful accounts	(406)	(73)
Interest and dividend income	(520)	(558)
Interest expenses	288	637
Share of loss (profit) of entities accounted for using equity method	(1,339)	(937)
Loss (gain) on disposal of non-current assets	(2,933)	(5,251)
Loss (gain) on sale of investment securities	(1,158)	(715)
Decrease (increase) in trade receivables	2,462	(4,743)
Decrease (increase) in inventories	(2,946)	(13)
Increase (decrease) in trade payables	(351)	3,186
Other	291	6
Subtotal	(1,059)	5,092
Interest and dividend income	2,287	1,315
Interest expenses	(268)	(507)
Income taxes paid	(1,314)	(2,160)
Cash flows from operating activities	(354)	3,740
Cash flows from investing activities		
Transfers to time deposits	(523)	-
Proceeds from maturity of time deposits	562	1,603
Net decrease (increase) in short-term investment securities	-	388
Acquisition of property, plant and equipment	(3,994)	(3,501)
Proceeds from sales of property, plant and equipment	4,442	6,969
Acquisition of investment securities	(580)	(42)
Proceeds from sale of investment securities	1,482	1,331
Payments for investments in capital of subsidiaries and associates	-	(71)
Proceeds from sales of investments in capital of subsidiaries and associates	-	200
Other	618	(211)
Cash flows from investing activities	2,006	6,666
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,392	(3,219)
Repayments of long-term borrowings	(1,000)	(2,000)
Decrease (increase) in treasury shares	1	36
Acquisition of treasury shares	(0)	-
Dividend income paid to non-controlling interests	(860)	(1,189)
Dividend income paid	(1,317)	(2,371)
Other	(1,028)	(1,261)
Net cash provided by (used in) financing activities	(812)	(10,005)
Effect of exchange rate change on cash and cash equivalents	1,323	3,101
Net increase (decrease) in cash and cash equivalents	2,163	3,503
Cash and cash equivalents at beginning of period	27,196	29,360
Cash and cash equivalents at end of period	29,360	32,863

- (5) Notes to the consolidated financial statements
(Notes regarding going concern assumptions)
Not applicable

(Changes in accounting policies)

(Application of the Accounting Standard for Fair Value Measurement)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as “Implementation Guidance”) from the beginning of the fiscal year under review, and will apply the new accounting policy established by the Implementation Guidance into the future in accordance with the transitional handling established in Paragraph 27-2 of the Implementation Guidance.

The impact on the consolidated statement of income for the fiscal year under review is minor.

(Application of US Financial Accounting Standards Board [FASB] Accounting Standard Codification (ASC) 842, Leases)

Some consolidated subsidiaries outside Japan that adopt US-GAAP have applied ASC 842 “Leases” since the beginning of the fiscal year under review. Accordingly, regarding the lease transactions of lessees in the relevant consolidated subsidiaries outside Japan, the Company has decided to record all leases as assets and liabilities in Balance Sheet in principle. In applying the relevant accounting standard, the Company has adopted the method of recognizing the cumulative impact by the application of the relevant accounting standard on the date of initial adoption, which is permitted as a transitional treatment.

Consequently, at the beginning of the fiscal year under review, right-of-use assets are included and presented in “Other” under property, plant and equipment, with lease liabilities included and presented in “Lease obligations” under current liabilities and in “Lease obligations” under non-current liabilities.

The impact on the consolidated statement of income for the fiscal year under review is minor.

(Segment Information, etc.)

(Segment information)

1. Overview of reportable segments

The Group is able to obtain delineated financial data on its reportable segments from its structural units. Accordingly, its segments are subject to regular examination in order to assist decision-making on allocation of managerial resources and evaluation of business performance by the Board of Directors.

The Group primarily manufactures and sells automobile seats and seat parts, and each company devises its own business strategies and carries out business activities.

Accordingly, the Group is made up of segments for each company. Since business segments with similar economic characteristics are combined, the six reportable segments are Japan, North America, Latin America, Europe, China, and Southeast Asia.

Of the reportable segments, the Japan segment also rents real estate, in addition to the auto seats and seat parts business.

2. Method of computing sales, profit (loss), assets, and other items by reportable segment

The accounting treatment method for the reportable segments is generally the same as that described in "Basis for Presenting Consolidated Financial Statements."

Segment profit is based on operating profit, and pricing on intersegment internal revenue and transfers is determined based on market conditions.

3. Sales, profit (loss), assets, and other items by reportable segment

Previous fiscal year, ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Unit: Millions of yen)

	Reportable segments							Adjustments (Note 1)	Total shown in consolidated financial statements (Note 2)
	Japan	North America	Latin America	Europe	China	Southeast Asia	Total		
Net sales									
Revenue from contracts with customers	80,763	38,492	51,420	1,110	32,629	2,025	206,441	-	206,441
Sales to outside customers	80,763	38,492	51,420	1,110	32,629	2,025	206,441	-	206,441
Intersegment internal sales or transfers	3,763	670	3,442	1,003	9,458	1,035	19,373	(19,373)	-
Total	84,526	39,163	54,863	2,114	42,088	3,060	225,815	(19,373)	206,441
Segment profit (loss)	(1,684)	(2,454)	(1,627)	133	1,969	(342)	(4,007)	(196)	(4,203)
Segment assets	113,888	45,202	33,496	2,584	31,773	5,115	232,060	(73,062)	158,997
Other items									
Depreciation expenses	2,043	665	1,342	15	1,395	168	5,631	-	5,631
Amortization of goodwill	-	-	-	-	10	-	10	-	10
Investment in equity-method affiliates	3,031	4,453	-	-	1,940	-	9,425	-	9,425
Increase in property, plant and equipment and intangible assets	2,389	277	1,046	-	307	483	4,503	-	4,503

Notes: 1. Adjustment is mainly intersegment transaction eliminations.

(1) Segment profit (loss) adjustment is mainly intersegment transaction eliminations.

(2) Segment asset adjustment is mainly elimination of intersegment liabilities.

2. Segment profit (loss) is adjusted for operating loss noted in the consolidated statements of income.

Current fiscal year, ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Reportable segments							Adjustments (Note 1)	Total shown in consolidated financial statements (Note 2)
	Japan	North America	Latin America	Europe	China	Southeast Asia	Total		
Net sales									
Revenue from contracts with customers	102,720	50,433	63,624	352	24,850	1,454	243,436	-	243,436
Sales to outside customers	102,720	50,433	63,624	352	24,850	1,454	243,436	-	243,436
Intersegment internal sales or transfers	5,399	836	2,883	1,123	11,189	406	21,839	(21,839)	-
Total	108,120	51,269	66,508	1,476	36,040	1,861	265,275	(21,839)	243,436
Segment profit (loss)	892	(2,052)	1,608	350	1,072	(397)	1,473	(106)	1,367
Segment assets	123,446	46,584	40,247	2,956	26,674	4,973	244,882	(74,878)	170,004
Other items									
Depreciation expenses	1,936	671	1,624	16	1,305	177	5,732	-	5,732
Amortization of goodwill	-	-	-	-	-	-	-	-	-
Investment in equity-method affiliates	3,240	4,929	-	-	2,218	-	10,388	-	10,388
Increase in property, plant and equipment and intangible assets	1,409	423	618	-	905	256	3,612	(107)	3,504

Notes: 1. Adjustment is mainly intersegment transaction eliminations.

(1) Segment profit (loss) adjustment is mainly intersegment transaction eliminations.

(2) Segment asset adjustment is mainly elimination of intersegment liabilities.

2. Segment profit (loss) is adjusted for operating profit noted in the consolidated statements of income.

(Earnings per share)

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)		Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)	
Net assets per share	2,129.09	Net assets per share	2,346.90
Net profit (loss) per share	(60.19)	Net profit (loss) per share	170.09

- Notes: 1. Information on net income per share after full dilution is omitted, as there is no potential common stock.
2. The Company has introduced a Stock Benefit Trust for Directors and an Employee Stock Ownership Trust. The Company shares remaining in the trust that are posted as treasury shares in shareholders' equity are included in treasury shares to be deducted from the calculation of the average number of shares in the period for the purpose of calculating net losses per share, and in calculating net assets per share, are included in the number of treasury shares to be deducted from the total number of shares issued at the end of the fiscal year. The average number of shares in the period related to the trust are shown below.

- Stock Benefit Trust for Directors

Average number of shares during the period	:	Previous consolidated fiscal year	57,546 shares	Current consolidated fiscal year	84,038 shares
Number of shares at fiscal year-end	:	Previous consolidated fiscal year	90,500 shares	Current consolidated fiscal year	80,000 shares

- Employee Stock Ownership Trust

Average number of shares during the period	:	Previous consolidated fiscal year	205,883 shares	Current consolidated fiscal year	292,813 shares
Number of shares at fiscal year-end	:	Previous consolidated fiscal year	300,198 shares	Current consolidated fiscal year	288,198 shares

3. The basis for calculating net profit (loss) per share is shown below.

	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Profit (loss) attributable to owners of parent (millions of yen)	(2,059)	5,823
Amount not belonging to common shareholders (millions of yen)	-	-
Profit (loss) attributable to owners of parent related to common shares (millions of yen)	(2,059)	5,823
Average common shares outstanding (thousands of shares)	34,222	34,236

(Significant subsequent events)

Not applicable

4. Non-Consolidated Financial Statements

(1) Statement of financial position

(Unit: Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Assets		
Current assets		
Cash and deposits	5,758	9,341
Electronically recorded monetary claims - operating	2,634	3,384
Accounts receivable - trade	17,914	23,677
Merchandise and finished goods	278	265
Work in process	2,775	1,645
Raw materials and supplies	3,763	4,136
Advance payments - trade	1,171	379
Short-term loans receivable	15,269	15,644
Other	2,575	3,331
Allowance for doubtful accounts	(11,119)	(9,909)
Total current assets	41,021	51,898
Non-current assets		
Property, plant and equipment		
Buildings, net	4,407	3,318
Structures, net	90	74
Machinery and equipment, net	1,059	920
Vehicles, net	3	2
Tools, instruments and fixtures, net	332	263
Land	3,435	3,419
Construction in progress	42	137
Total property, plant and equipment	9,370	8,137
Intangible assets		
Software	469	438
Other	16	16
Total intangible assets	485	454
Investments and other assets		
Investment securities	7,417	6,195
Shares of subsidiaries and associates	24,680	24,752
Investments in capital	0	0
Investments in capital of subsidiaries and associates	8,564	8,381
Long-term loans receivable to employees	6	5
Long-term prepaid expenses	6	14
Prepaid pension costs	267	348
Other	491	479
Allowance for doubtful accounts	(4)	(4)
Total investments and other assets	41,430	40,173
Total fixed assets	51,286	48,766
Total assets	92,307	100,664

(Unit: Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Liabilities		
Current liabilities		
Notes payable - trade	11	1
Electronically recorded monetary obligations - operating	1,919	2,300
Accounts payable - trade	13,952	17,567
Short-term borrowings	11,665	11,255
Current portion of long-term borrowings	2,000	1,000
Short-term borrowings from subsidiaries and associates	4,598	4,876
Accounts payable - other	157	489
Accrued expenses	2,181	2,262
Income taxes payable	218	669
Deposits received	83	74
Notes payable - facilities	118	151
Unearned revenue	31	5
Provision for bonuses for directors	-	30
Asset retirement obligations	-	217
Other	22	604
Total current liabilities	36,962	41,505
Non-current liabilities		
Long-term borrowings	6,500	5,500
Deferred tax liabilities	648	386
Provision for share-based remuneration	191	227
Asset retirement obligations	247	17
Other	571	30
Total non-current liabilities	8,159	6,161
Total liabilities	45,121	47,667
Net assets		
Shareholders' equity		
Share capital	9,040	9,040
Capital surplus		
Capital reserves	8,592	8,592
Legal capital surplus	12	12
Total capital surplus	8,604	8,604
Retained earnings		
Legal retained earnings	480	480
Other retained earnings		
Reserve for tax purpose reduction entry	20	19
General reserve	15,000	15,000
Retained earnings brought forward	14,289	20,647
Total retained earnings	29,790	36,148
Treasury shares	(1,462)	(1,426)
Total shareholders' equity	45,972	52,366
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,213	629
Total valuation and translation adjustments	1,213	629
Total net assets	47,186	52,996
Total liabilities and net assets	92,307	100,664

(2) Statement of income

(Unit: Millions of yen)

	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)
Net sales	75,183	95,756
Cost of sales		
Starting balance of product inventory	286	324
Product manufacturing costs	71,232	89,473
Total	71,519	89,797
Ending balance of product inventory	324	308
Product cost of sales	71,194	89,488
Gross profit	3,988	6,268
Selling, general and administrative expenses		
Employee salaries and allowances	1,730	1,843
Directors' compensation	225	230
Bonuses	160	179
Provision for bonuses for directors	-	30
Retirement benefit costs	52	125
Shipping expenses	953	1,025
Research and development expenses	642	731
Provision of allowance for doubtful accounts	-	12
Depreciation expenses	268	200
Other	1,745	1,946
Total selling, general and administrative expenses	5,779	6,324
Operating profit (loss)	(1,790)	(56)
Non-operating income		
Interest income	234	147
Dividend income	3,287	3,672
Reversal of allowance for doubtful accounts	-	1,075
Miscellaneous income	309	141
Total non-operating income	3,831	5,036
Non-operating expenses		
Interest expenses	114	495
Foreign exchange losses	454	800
Provision of allowance for doubtful accounts	7,310	-
Miscellaneous expenditures	48	35
Total non-operating expenses	7,929	1,331
Ordinary profit (loss)	(5,888)	3,648
Extraordinary income		
Gain on sales of non-current assets	3,004	5,351
Gain on sales of investment securities	1,158	715
Gain on sales of investments in capital of subsidiaries and associates	-	185
Total extraordinary income	4,163	6,251
Extraordinary loss		
Loss on disposal of non-current assets	17	19
Business restructuring and improvement expenses	22	104
Impairment loss	529	-
Total extraordinary losses	569	124
Profit (loss) before income taxes	(2,294)	9,775
Income taxes - current	522	1,048
Income taxes - deferred	34	(5)
Total income taxes	557	1,043
Profit (loss)	(2,852)	8,732

(3) Statement of changes in shareholders' equity

Previous fiscal year, ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Unit: Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings				
		Capital reserves	Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Reserve for tax purpose reduction entry	General reserve	Retained earnings brought forward	
Balance at beginning of period	9,040	8,592	-	8,592	480	20	15,000	18,459	33,960
Changes during period									
Dividends of surplus								(1,318)	(1,318)
Profit (loss)								(2,852)	(2,852)
Reversal of reserve for tax purpose reduction entry						(0)		0	-
Purchase of treasury shares									
Disposal of treasury shares			12	12					
Net changes in items other than shareholders' equity									
Total changes during period	-	-	12	12	-	(0)	-	(4,170)	(4,170)
Balance at end of period	9,040	8,592	12	8,604	480	20	15,000	14,289	29,790

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(1,451)	50,142	1,965	1,965	52,107
Changes during period					
Dividends of surplus		(1,318)			(1,318)
Profit (loss)		(2,852)			(2,852)
Reversal of reserve for tax purpose reduction entry		-			-
Purchase of treasury shares	(256)	(256)			(256)
Disposal of treasury shares	245	257			257
Net changes in items other than shareholders' equity			(751)	(751)	(751)
Total changes during period	(11)	(4,169)	(751)	(751)	(4,920)
Balance at end of period	(1,462)	45,972	1,213	1,213	47,186

Current fiscal year, ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings				
		Capital reserves	Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Retained earnings Total
						Reserve for tax purpose reduction entry	General reserve	Retained earnings brought forward	
Balance at beginning of period	9,040	8,592	12	8,604	480	20	15,000	14,289	29,790
Changes during period									
Dividends of surplus								(2,374)	(2,374)
Profit (loss)								8,732	8,732
Reversal of reserve for tax purpose reduction entry						(0)		0	
Purchase of treasury shares									
Disposal of treasury shares									
Net changes in items other than shareholders' equity									
Total changes during period	-	-	-	-	-	(0)	-	6,358	6,358
Balance at end of period	9,040	8,592	12	8,604	480	19	15,000	20,647	36,148

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(1,462)	45,972	1,213	1,213	47,186
Changes during period					
Dividends of surplus		(2,374)			(2,374)
Profit (loss)		8,732			8,732
Reversal of reserve for tax purpose reduction entry		-			-
Purchase of treasury shares		-			-
Disposal of treasury shares	36	36			36
Net changes in items other than shareholders' equity			(584)	(584)	(584)
Total changes during period	36	6,394	(584)	(584)	5,810
Balance at end of period	(1,426)	52,366	629	629	52,996