



Consolidated Financial Highlights for the Third Quarter of FY2023 [Japanese GAAP]

February 9, 2024

Company name: TACHI-S CO., LTD. Stock exchange listings: Tokyo Stock Exchange
 Code number: 7239 URL <https://www.tachi-s.co.jp/>
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 Scheduled date of quarterly securities report submission: February 9, 2024
 Scheduled date of start of dividend payment: —
 The additional materials of the quarterly financial results : No
 Holding of the quarterly financial results meeting : No

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the Third Quarter of FY2023 (April 1, 2023 through December 31, 2023)

(1) Consolidated Operating Results (Cumulative) (% indicates the changes from the same period in the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q of FY2023	216,336	25.1	3,775	—	4,611	—	2,872	—
3Q of FY2022	172,870	20.3	(3,920)	—	(3,719)	—	(144)	—

(Note) Comprehensive income 3Q of FY2023 9,036 million yen [20.1%]
 3Q of FY2022 7,520 million yen [—%]

	Net income per share	Diluted net income per share
	yen	yen
3Q of FY2023	83.85	—
3Q of FY2022	(4.21)	—

(2) Consolidated Financial Positions

	Total assets	Shareholder's equity	Shareholder's equity ratio
	Million yen	Million yen	%
3Q of FY2023	179,079	92,266	48.0
FY2022	170,004	86,481	47.3

(Reference) Equity capital 3Q of FY2023 85,958 million yen
 FY2022 80,369 million yen

2. Dividends

	Annual dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of fiscal year	Total
	yen	yen	yen	yen	yen
FY2022	—	36.80	—	36.80	73.60
FY2023	—	46.40	—		
FY2023 (Forecast)				46.40	92.80

(Note) Changes in forecast of dividend from the latest announcement: No

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

(% indicates the changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Full year	291,000	19.5	6,000	338.7	6,500	229.3	800	(86.3)	23.35

(Note) Changes in forecast of consolidated results from the latest announcement: No

* Notes

- (1) Major subsidiary changes during the first nine months of the fiscal year under review (changes affecting the scope of consolidation) : No
- (2) Adoption of special accounting treatment pertaining to the preparation of quarterly consolidated financial statements: : No
- (3) Changes in accounting policies, changes in accounting estimation, and restatement.
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: : Yes
- (ii) Changes in accounting policies except (i): : No
- (iii) Changes in accounting estimates : No
- (iv) Restatement : No

(4) Number of outstanding shares (common stock)

(i) Number of shares at the end of the period (including treasury shares)	3Q of FY2023	35,242,846 shares	FY2022	35,242,846 shares
(ii) Number of treasury shares at the end of the period	3Q of FY2023	961,792 shares	FY2022	997,882 shares
(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)	3Q of FY2023	34,263,011 shares	3Q of FY2022	34,233,714 shares

* This financial highlights is 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.

For cautionary notes regarding the assumptions that form the basis of the business forecast and the use of the business forecast, please refer to page 2 of the attachment "1. Qualitative Information for Quarterly Financial Results for the Period under Review (3) Explanation on consolidated financial results forecast and other forward-looking information."

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1. Qualitative Information for Quarterly Financial Results for the Period under Review

(1) Explanation on operating results

In the first nine months of the fiscal year under review, the Japanese economy saw weakening personal consumption due to the effects of high prices; however, sentiments can be expected to improve on the back of expectations for future wage increases. With regard to capital expenditures, owing to strong corporate performance, there has been progress in medium- to long-term investments such as digitalization and decarbonization. Although concerns remain over a downturn due to a slowdown in overseas economies brought about by heightened international tensions, such as the situation in Ukraine, the Middle East, and East Asia, the economy is expected to continue to recover at a moderate pace, centered on domestic demand.

In the auto industry in which the Group operates, the automotive manufacturers, which are customers of the Group, are working to expand sales as semiconductor supply constraints ease. When forecasting future business trends, it is necessary to pay close attention to the impact of prolonged high interest rates in major countries on automobile sales, as well as trends in the Chinese market, where sales of Japanese cars have generally been sluggish.

In this operating environment, the performance during the first nine months of the fiscal year under review is: Net sales increased by 25.1% year on year to 216,336 million yen, which led to an operating profit of 3,775 million yen (compared to an operating loss of 3,920 million yen in the same period of the previous fiscal year), an ordinary profit of 4,611 million yen (compared to an ordinary loss of 3,719 million yen in the same period of the previous fiscal year) and a net income attributable to owners of parent of 2,872 million yen (compared to a net loss attributable to owners of parent of 144 million yen in the same period of the previous fiscal year).

Earnings in the business segments are as follows.

(i) Japan

Net sales totaled 94,015 million yen (up 32.7% from the same period of the previous fiscal year), and operating profit was 2,811 million yen (compared to an operating loss of 1,138 million yen in the same period of the previous fiscal year).

(ii) North America

Net sales totaled 42,321 million yen (up 19.8% from the same period of the previous fiscal year), and operating loss was 1,286 million yen (compared to an operating loss of 1,675 million yen in the same period of the previous fiscal year).

(iii) Latin America

Net sales totaled 65,333 million yen (up 45.7% from the same period of the previous fiscal year), and operating profit was 1,735 million yen (compared to an operating loss of 1,986 million yen in the same period of the previous fiscal year).

(iv) Europe

Net sales totaled 0 million yen (down 99.9% from the same period of the previous fiscal year), and operating profit was 124 million yen (down 43.3% from the same period of the previous year).

(v) China

Net sales totaled 12,594 million yen (down 38.7% from the same period of the previous fiscal year), and operating profit was 276 million yen (down 71.1% from the same period of the previous year).

(vi) Southeast Asia

Net sales totaled 2,071 million yen (up 76.2% from the same period of the previous fiscal year), and operating profit was 28 million yen (compared to an operating loss of 317 million yen in the same period of the previous fiscal year).

(2) Explanation on financial position

Total assets at the end of the third quarter of the fiscal year under review increased by 9,074 million yen from the end of the previous fiscal year to 179,079 million yen. This is primarily due to an increase of 5,861 million yen in cash and deposits and an increase of 1,914 million yen in investments and other assets.

Total liabilities increased by 3,290 million yen from the end of the previous fiscal year to 86,813 million yen. This is mainly due to an increase of 1,430 million yen in notes and accounts payable-trade and an increase of 6,100 million yen in current liabilities and others including an increase in accrued expenses, although short-term borrowings decreased by 4,580 million yen.

Total net assets increased by 5,784 million yen from the end of the previous fiscal year to 92,266 million yen.

This is mainly due to increases of 5,154 million yen in foreign currency translation adjustments.

(3) Explanation on consolidated financial results forecast and other forward-looking information

Consolidated financial results forecast for the fiscal year ending March 2024 remains unchanged from the one that was announced on November 10, 2023.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly consolidated balance sheets

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2023)	Third quarter of the fiscal year under review (December 31, 2023)
Assets		
Current assets		
Cash and deposits	34,113	39,974
Notes and accounts receivable - trade	46,635	46,802
Merchandise and finished goods	2,606	2,476
Work in process	1,027	1,302
Raw materials and supplies	14,382	15,436
Other	7,062	7,404
Allowance for doubtful accounts	(21)	(1,311)
Total current assets	105,804	112,084
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,996	10,125
Machinery, equipment and vehicles, net	11,071	11,118
Other, net	13,620	14,062
Total property, plant and equipment	34,688	35,305
Intangible assets	999	1,262
Investments and other assets		
Investment securities	11,709	12,584
Other	17,284	18,386
Allowance for doubtful accounts	(482)	(544)
Total investments and other assets	28,511	30,426
Total non-current assets	64,199	66,994
Total assets	170,004	179,079

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2023)	Third quarter of the fiscal year under review (December 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	40,095	41,526
Short-term borrowings	14,495	9,915
Income taxes payable	847	631
Provision for bonuses for directors	30	-
Provision for loss on litigation	312	335
Asset retirement obligations	217	186
Other	14,883	20,983
Total current liabilities	70,880	73,578
Non-current liabilities		
Long-term borrowings	5,500	5,000
Provision for share-based remuneration	227	319
Retirement benefit liability	2,199	2,948
Asset retirement obligations	54	36
Other	4,661	4,929
Total non-current liabilities	12,642	13,234
Total liabilities	83,523	86,813
Net assets		
Shareholders' equity		
Share capital	9,040	9,040
Capital surplus	8,713	8,713
Retained earnings	50,734	50,727
Treasury shares	(1,426)	(1,368)
Total shareholders' equity	67,061	67,112
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	630	1,025
Foreign currency translation adjustment	12,723	17,877
Remeasurements of defined benefit plans	(46)	(57)
Total accumulated other comprehensive income	13,307	18,845
Non-controlling interests	6,111	6,307
Total net assets	86,481	92,266
Total liabilities and net assets	170,004	179,079

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

Quarterly Consolidated Statement of Income

First nine months of the fiscal year

(Unit: Millions of yen)

	First nine months of the previous fiscal year (April 1, 2022 through December 31, 2022)	First nine months of the fiscal year under review (April 1, 2023 through December 31, 2023)
Net sales	172,870	216,336
Cost of sales	162,951	196,870
Gross profit	9,919	19,466
Selling, general and administrative expenses		
Employees' salaries and benefits	4,837	5,182
Shipping expenses	1,756	2,141
Other	7,246	8,367
Total selling, general and administrative expenses	13,840	15,691
Operating profit (loss)	(3,920)	3,775
Non-operating income		
Interest income	235	639
Dividend income	196	226
Share of profit of entities accounted for using equity method	537	665
Miscellaneous income	395	225
Total non-operating income	1,364	1,756
Non-operating expenses		
Interest expenses	418	683
Foreign exchange losses	625	150
Miscellaneous expenditures	119	86
Total non-operating expenses	1,163	920
Ordinary profit (loss)	(3,719)	4,611
Extraordinary income		
Gain on sale of non-current assets	5,355	30
Total extraordinary income	5,355	30
Extraordinary losses		
Loss on disposal of non-current assets	90	40
Impairment losses	-	41
Business restructuring and improvement expenses	98	249
Provision for loss on litigation	300	-
Total extraordinary losses	488	331
Profit before income taxes	1,147	4,311
Income taxes - current	1,349	1,374
Income taxes - deferred	(624)	(163)
Total income taxes	724	1,211
Profit	422	3,100
Profit attributable to non-controlling interests	566	227
Profit (loss) attributable to owners of parent	(144)	2,872

Quarterly Consolidated Statement of Comprehensive Income

First nine months of the fiscal year

(Unit: Millions of yen)

	First nine months of the previous fiscal year (April 1, 2022 through December 31, 2022)	First nine months of the fiscal year under review (April 1, 2023 through December 31, 2023)
Profit (loss)	422	3,100
Other comprehensive income		
Valuation difference on available-for-sale securities	(800)	395
Foreign currency translation adjustment	6,772	4,725
Remeasurements of defined benefit plans	(29)	(11)
Share of other comprehensive income of associates accounted for under the equity method	1,154	826
Total other comprehensive income	7,097	5,935
Comprehensive income	7,520	9,036
(Breakdown)		
Comprehensive income attributable to owners of parent	6,346	8,411
Comprehensive income attributable to non-controlling interests	1,174	624

(3) Notes regarding quarterly consolidated financial statements

(Notes regarding going concern assumptions)

Not applicable

(Notes when there was a substantial change in the amount of shareholders' equity)

Not applicable

(Changes in accounting policies)

Some subsidiaries that have adopted the International Financial Reporting Standards have applied the amendment to IAS No. 12, "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction," since the consolidated first quarter of the fiscal year. This application clarifies the accounting treating at the time of initial recognition regarding a transaction that causes a taxable temporary difference and a deductible temporary difference. For the taxable temporary difference and the deductible temporary difference, deferred tax liabilities and assets are recognized, respectively, on the consolidated balance sheet. The impact of this accounting policy change on the Quarterly Consolidated Financial Statements is insignificant.

(Segment information, etc.)

Information related to net sales and profit/loss for each reportable segment and information on disaggregation of revenue

First nine months of the previous fiscal year (April 1, 2022 through December 31, 2022)

(Unit: Millions of yen)

	Reportable Segment							Adjustments (Note) 1	Amount reported on quarterly consolidated statement of income (Note) 2
	Japan	North America	Latin America	Europe	China	Southeast Asia	Total		
Net sales									
Revenue from contracts with customers	70,844	35,323	44,826	162	20,538	1,175	172,870	—	172,870
Sales to outside customers	70,844	35,323	44,826	162	20,538	1,175	172,870	—	172,870
Intersegment sales or transfers	3,544	608	2,021	950	8,160	379	15,665	(15,665)	—
Total	74,389	35,931	46,848	1,112	28,698	1,555	188,536	(15,665)	172,870
Segment profit (loss)	(1,138)	(1,675)	(1,986)	220	956	(317)	(3,940)	20	(3,920)

(Note) 1. Adjustments of segment profit (loss) are after elimination of inter-segment transactions.

2. Segment profit (loss) is adjusted with operating loss under quarterly consolidated statement of income.

First nine months of the fiscal year under review (April 1, 2023 through December 31, 2023)

(Unit: Millions of yen)

	Reportable Segment							Adjustments (Note) 1	Amount reported on quarterly consolidated statement of income (Note) 2
	Japan	North America	Latin America	Europe	China	Southeast Asia	Total		
Net sales									
Revenue from contracts with customers	94,015	42,321	65,333	0	12,594	2,071	216,336	—	216,336
Sales to outside customers	94,015	42,321	65,333	0	12,594	2,071	216,336	—	216,336
Intersegment sales or transfers	3,093	773	2,345	787	9,260	642	16,902	(16,902)	—
Total	97,108	43,094	67,679	787	21,854	2,713	233,238	(16,902)	216,336
Segment profit (loss)	2,811	(1,286)	1,735	124	276	28	3,691	84	3,775

(Note) 1. Adjustment of segment profit (loss) is after elimination of intersegment transactions.

2. Segment profit (loss) is adjusted with operating profit under quarterly consolidated statement of income.