



Consolidated Financial Highlights for the Second Quarter (Interim Period) of FY2024 [Japanese GAAP]

November 14, 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 semiannual securities report submission : November 14, 2024
Scheduled date of start of dividend payment : December 3, 2024
Additional materials to financial results : Yes
Holding of the financial results briefing session : Yes (for securities analysts and institutional investors)
(Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the Second Quarter (Interim Period) of FY2024 (April 1, 2024, through September 30, 2024)

(1) Consolidated Operating Results (% indicates the changes from the interim period of the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Interim period of FY2024	145,184	5.4	2,631	46.8	1,778	(5.1)	963	(25.4)
Interim period of FY2023	137,726	27.6	1,792	-	1,874	-	1,291	669.8

(Note) Comprehensive income Interim period of FY2024 2,986 million yen [(64.0%)]
Interim period of FY2023 8,285 million yen [(0.4%)]

	Net income per share	Diluted net income per share
	yen	yen
Interim period of FY2024	28.11	-
Interim period of FY2023	37.71	-

(2) Consolidated Financial Positions

	Total assets	Shareholder's equity	Shareholder's equity ratio
	Million yen	Million yen	%
Interim period of FY2024	177,534	97,525	51.3
FY2023	180,806	96,298	49.7

(Reference) Equity capital Interim period of FY2024 91,018 million yen
FY2023 89,776 million yen

2. Dividends

	Annual cash 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
FY2023	-	46.40	-	46.40	92.80
FY2024	-	51.90	-	-	-
FY2024 (Forecast)	-	-	-	51.90	103.80

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

As for the forecast of the annual cash dividend per share for the current fiscal year, the Company will pay a regular dividend of 103.8 yen (an interim dividend of 51.9 yen and a year-end dividend of 51.9 yen), representing a dividend on equity ratio (DOE) of 4%, because the Company has set the management goal for FY2024, the final year of the medium-term management plan, as achieving a return on equity (ROE) of 8% by any means.

3. Consolidated Forecast for FY2024 (April 1, 2024, through March 31, 2025)

(% indicates the changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
	279,800	(4.5)	6,750	(6.3)	5,800	(33.8)	7,500	38.3	218.78

(Note) Changes in forecast of consolidated results from the latest announcement : Yes

* Notes

- (1) Significant changes in the scope of consolidation during the period : No
- (2) Adoption of special accounting treatment pertaining to the preparation of interim consolidated financial statements : No
- (3) Changes in accounting policies, changes in accounting estimates, 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)	Interim period of FY2024	35,242,846 shares	FY2023	35,242,846 shares
(ii) Number of treasury shares at the end of the period	Interim period of FY2024	961,217 shares	FY2023	961,817 shares
(iii) Average number of shares outstanding during the period (interim period)	Interim period of FY2024	34,281,200 shares	Interim period of FY2023	34,255,278 shares

* These financial highlights (interim period) are not subject to review by a certified public accountant or auditing firm.

* 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 3 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 Interim Financial Results for the Period under Review

(1) Explanation on operating results

During the interim period of the fiscal year under review, the Japanese economy remained on a moderate recovery trend. Consumer spending is expected to pick up as the income environment will be improved in the wake of a recovery in net wages in which the high rate of wage hikes in this year's annual labor-management spring wage negotiation is reflected. Regarding capital expenditure, sound corporate earnings have driven investments from a medium- to long-term perspective, such as for digitalization and decarbonization, and the mainstream view is now that the U.S. economy too can make a soft landing. Nonetheless, there also remain a number of risks of an economic downturn, including the possibility that the pace of price rising will speed up due to the passing on of increases in personnel expenses and logistics costs to selling prices, a rise in energy costs against the background of a deterioration in the Middle East situation and other geopolitical risks, and the stagnant Chinese economy that is projected to be prolonged as well as the impact of the outcome of the U.S. Presidential Election scheduled for November 2024.

In the auto industry, in which the Group operates, automotive companies, which are customers of the Company, face a slowdown in the market shift to battery electric vehicles (BEV) and are in the middle of reviewing investments in electrification and product strategies, which they have aggressively pushed until recently, amid the post-COVID demand recovery running its course. With the business environment varying by manufacturer, we must keep closely watching the status of each automotive company in terms of production, sales and inventories in order to forecast business trends in the future. Additionally, it is necessary to keep paying attention to developments in the Chinese market, in which sales of Japanese cars are generally struggling.

In this operating environment, the performance during the interim period of the consolidated fiscal year under review was as follows: Net sales increased by 5.4% year on year to 145,184 million yen, which led to an operating income of 2,631 million yen (up 46.8% year on year), an ordinary income of 1,778 million yen (down 5.1% year on year) and a net income attributable to owners of parent of 963 million yen (down 25.4% year on year).

Earnings in the business segments are as follows.

(i) Japan

Net sales totaled 55,190 million yen (down 6.4% from the same period of the previous fiscal year), and operating income was 1,787 million yen (up 73.2% from the same period of the previous fiscal year).

(ii) North America

Net sales totaled 24,359 million yen (down 13.0% from the same period of the previous fiscal year), and operating income was 55 million yen (compared with an operating loss of 40 million yen in the same period of the previous fiscal year).

(iii) Latin America

Net sales totaled 52,926 million yen (up 27.7% from the same period of the previous fiscal year), and operating income was 759 million yen (down 5.5% from the same period of the previous fiscal year).

(iv) Europe

Net sales consisted only of internal sales, and there were no sales to external customers. Operating loss was 43 million yen (compared with operating income of 72 million yen in the same period of the previous fiscal year).

(v) China

Net sales totaled 10,612 million yen (up 34.3% from the same period of the previous fiscal year), and operating loss was 252 million yen (compared with an operating loss of 34 million yen in the same period of the previous fiscal year).

(vi) Southeast Asia

Net sales totaled 2,096 million yen (up 44.3% from the same period of the previous fiscal year), and operating income was 252 million yen (compared with an operating income of 17 million yen in the same period of the previous fiscal year).

(2) Explanation on financial position

Total assets at the end of the interim period of the consolidated fiscal year under review decreased by 3,272 million yen from the end of the previous fiscal year to 177,534 million yen. This was mainly due to a decrease of 2,882 million yen in "other" under current assets, resulting from decreases in accounts receivable - other, etc. and a decrease of 2,550 million yen in investment securities despite an increase of 2,014 million yen in cash and deposits and an increase of 1,270 million yen in raw materials and supplies.

Total liabilities decreased by 4,499 million yen from the end of the previous fiscal year to 80,008 million yen. This was mainly due to a decrease of 1,604 million yen in "other" under current liabilities, resulting from decreases in accounts payable - other, etc. in addition to a decrease of 11,148 million yen in notes and accounts payable - trade and a decrease of 862 million yen in income taxes payable.

Total net assets increased by 1,227 million yen from the end of the previous fiscal year to 97,525 million yen. This is mainly caused by an increase of 3,079 million yen in foreign currency translation adjustment, despite a decrease of 1,181 million yen in valuation difference on available-for-sale securities.

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

The full-year consolidated financial results forecast for the fiscal year ending March 2025 is that both net sales and operating income are expected to fall below the previous forecast mainly due to a decrease in production in China. Ordinary income and net income attributable to owners of parent are also expected to be lower than the previous forecast. This is due to foreign exchange losses caused by the appreciation of the dollar against the peso in Latin America, a share of loss of entities accounted for using the equity method caused by the impact of inflation and foreign exchange on affiliates in North America, and the deterioration of the performance of affiliates in China resulting from recording an allowance for doubtful accounts.

Full-Year Consolidated Forecast for FY2024 (April 1, 2024, through March 31, 2025)

	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
Previous forecast (A)	287,000	7,300	8,200	7,800	227.62
Current forecast (A)	279,800	6,750	5,800	7,500	218.78
Change (B-A)	(7,200)	(550)	(2,400)	(300)	
Change (%)	(2.5%)	(7.5%)	(29.3%)	(3.8%)	
(Reference) Results for the previous fiscal year (FY2023)	292,947	7,205	8,755	5,422	158.25

(Note 1) Major foreign exchange rates assumed in the forecasts shown above are 1 U.S. dollar = 150.0 yen, 1 Mexican peso = 8.3 yen, and 1 Chinese yuan = 21.0 yen.

(Note 2) The forecasts shown above are based on information available at this time. Actual results may differ from these forecasts as a result of a variety of factors.

2. Interim Consolidated Financial Statements and Primary Notes

(1) Interim consolidated balance sheet

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (March 31, 2024)	Interim period of the consolidated fiscal year under review (September 30, 2024)
Assets		
Current assets		
Cash and deposits	39,185	41,199
Notes and accounts receivable - trade	46,691	46,992
Merchandise and finished goods	2,627	2,154
Work in process	1,282	1,170
Raw materials and supplies	15,453	16,724
Other	9,096	6,213
Allowance for doubtful accounts	(1,399)	(1,678)
Total current assets	112,937	112,775
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,181	9,820
Machinery, equipment and vehicles, net	11,263	11,876
Other, net	14,432	13,755
Total property, plant and equipment	35,877	35,453
Intangible assets	1,403	1,407
Investments and other assets		
Investment securities	12,415	9,865
Other	18,700	18,534
Allowance for doubtful accounts	(527)	(502)
Total investments and other assets	30,588	27,897
Total non-current assets	67,869	64,758
Total assets	180,806	177,534

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (March 31, 2024)	Interim period of the consolidated fiscal year under review (September 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	41,214	40,065
Short-term borrowings	11,159	10,396
Income taxes payable	1,633	770
Provision for bonuses for directors (and other officers)	60	-
Provision for loss on litigation	339	358
Asset retirement obligations	0	-
Other	20,910	19,306
Total current liabilities	75,318	70,897
Non-current liabilities		
Provision for share-based remuneration	334	403
Retirement benefit liability	3,030	3,455
Asset retirement obligations	37	15
Other	5,786	5,236
Total non-current liabilities	9,189	9,110
Total liabilities	84,507	80,008
Net assets		
Shareholders' equity		
Share capital	9,040	9,040
Capital surplus	8,713	8,713
Retained earnings	53,277	52,635
Treasury shares	(1,368)	(1,367)
Total shareholders' equity	69,662	69,021
Other comprehensive income		
Valuation difference on available-for-sale securities	1,879	698
Foreign currency translation adjustment	17,958	21,038
Remeasurements of defined benefit plans	275	260
Total other comprehensive income	20,113	21,997
Non-controlling interests	6,522	6,507
Total net assets	96,298	97,525
Total liabilities and net assets	180,806	177,534

(2) Interim consolidated statement of income and interim consolidated statement of comprehensive income

Interim consolidated statement of income

(Unit: Millions of yen)

	Interim period of the previous consolidated fiscal year (April 1, 2023 through September 30, 2023)	Interim period of the consolidated fiscal year under review (April 1, 2024 through September 30, 2024)
Net sales	137,726	145,184
Cost of sales	126,089	131,912
Gross profit	11,637	13,272
Selling, general and administrative expenses		
Employees' salaries and benefits	3,543	3,426
Shipping expenses	1,468	1,522
Other	4,832	5,692
Total selling, general and administrative expenses	9,844	10,640
Operating income	1,792	2,631
Non-operating income		
Interest income	343	463
Dividend income	117	401
Share of profit of entities accounted for using equity method	303	-
Miscellaneous income	160	155
Total non-operating income	925	1,020
Non-operating expenses		
Interest expenses	455	268
Share of loss of entities accounted for using equity method	-	594
Foreign exchange losses	313	977
Miscellaneous expenditures	74	33
Total non-operating expenses	843	1,874
Ordinary income	1,874	1,778
Extraordinary income		
Gain on sale of non-current assets	28	1,561
Total extraordinary income	28	1,561
Extraordinary losses		
Loss on disposal of non-current assets	25	49
Business restructuring and improvement expenses	10	268
Total extraordinary losses	36	317
Net income before income taxes	1,866	3,022
Income taxes - current	893	1,411
Income taxes - deferred	(415)	572
Total income taxes	478	1,984
Profit	1,388	1,037
Profit attributable to non-controlling interests	96	73
Net income attributable to owners of parent	1,291	963

Interim consolidated statement of comprehensive income

(Unit: Millions of yen)

	Interim period of the previous consolidated fiscal year (April 1, 2023 through September 30, 2023)	Interim period of the consolidated fiscal year under review (April 1, 2024 through September 30, 2024)
Profit	1,388	1,037
Other comprehensive income		
Valuation difference on available-for-sale securities	1,271	(1,181)
Foreign currency translation adjustment	4,629	2,719
Remeasurements of defined benefit plans	(8)	(14)
Share of other comprehensive income of associates accounted for under the equity method	1,003	425
Total other comprehensive income	6,896	1,948
Comprehensive income	8,285	2,986
(Breakdown)		
Comprehensive income attributable to owners of parent	7,662	2,847
Comprehensive income attributable to non-controlling interests	622	138

(3) Interim consolidated statement of cash flows

(Unit: Millions of yen)

	Interim period of the previous consolidated fiscal year (April 1, 2023 through September 30, 2023)	Interim period of the consolidated fiscal year under review (April 1, 2024 through September 30, 2024)
Cash flows from operating activities		
Net income before income taxes	1,866	3,022
Depreciation	2,637	2,903
Increase (decrease) in allowance for doubtful accounts	(5)	310
Interest and dividend income	(461)	(865)
Interest expenses	455	268
Share of loss (profit) of entities accounted for using equity method	(303)	594
Loss (gain) on disposal of non-current assets	(2)	(1,512)
Decrease (increase) in trade receivables	1,140	1,579
Decrease (increase) in inventories	284	99
Increase (decrease) in trade payables	869	(2,835)
Other	4,532	1,331
Subtotal	11,014	4,895
Interest and dividends received	626	1,288
Interest paid	(597)	(290)
Income taxes paid	(997)	(2,313)
Cash flows from operating activities	10,046	3,580
Cash flows from investing activities		
Payments into time deposits	(60)	-
Purchase of property, plant and equipment	(1,602)	(2,112)
Proceeds from sale of property, plant and equipment	79	1,929
Purchase of investment securities	(25)	(0)
Payments for investments in capital of subsidiaries and associates	(39)	-
Other	1,785	324
Cash flows from investing activities	138	142
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(4,223)	-
Repayments of long-term borrowings	(500)	(500)
Decrease (increase) in treasury shares	57	0
Dividends paid to non-controlling interests	(194)	(153)
Dividends paid	(1,272)	(1,603)
Other	(508)	(419)
Cash flows from financing activities	(6,640)	(2,676)
Effect of exchange rate change on cash and cash equivalents	1,965	954
Net increase (decrease) in cash and cash equivalents	5,510	2,000
Cash and cash equivalents at beginning of period	32,863	39,127
Cash and cash equivalents at end of period	38,373	41,128

(4) Notes to interim 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)

(Application of "Accounting Standard for Current Income Taxes," etc.)

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; (hereinafter referred to as the "2022 Revised Accounting Standard"), etc. has been applied from the beginning of the first half of the consolidated fiscal year under review.

Regarding the revision to the categories in which current income taxes should be recorded (taxation on other comprehensive income), the Company follows the transitional treatment prescribed in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment prescribed in the proviso to Paragraph 65-2 (2) of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "2022 Revised Implementation Guidance"). These changes in accounting policies have no impact on the interim consolidated financial statements.

In addition, with regard to revisions related to the treatment in consolidated financial statements when gains or losses arising from the sale of subsidiary shares, etc. among consolidated companies, are deferred for tax purposes, the 2022 Revised Implementation Guidance has been applied from the beginning of the first half of the fiscal year under review. These changes in accounting policies have been applied retrospectively, and interim consolidated financial statements and consolidated financial statements for interim in the previous fiscal year and the whole of the previous fiscal year have been prepared on a retrospective basis. These changes in accounting policies have no impact on the interim consolidated financial statements and consolidated financial statements of the previous fiscal year.

(Segment information, etc.)

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

Interim period of the previous consolidated fiscal year (April 1, 2023, through September 30, 2023)

(Unit: Millions of yen)

	Reportable Segment							Adjustments (Note) 1	Amount reported on interim consolidated statement of income (Note) 2
	Japan	North America	Latin America	Europe	China	Southeast Asia	Total		
Net sales									
Revenue from contracts with customers	58,953	27,985	41,434	0	7,899	1,452	137,726	-	137,726
Sales to outside customers	58,953	27,985	41,434	0	7,899	1,452	137,726	-	137,726
Intersegment sales or transfers	2,224	498	1,546	498	7,502	49	12,320	(12,320)	-
Total	61,178	28,484	42,980	499	15,401	1,502	150,046	(12,320)	137,726
Segment profit (loss)	1,031	(40)	803	72	(34)	17	1,851	(58)	1,792

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

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

Interim period of the consolidated fiscal year under review (April 1, 2024, through September 30, 2024)

(Unit: Millions of yen)

	Reportable Segment							Adjustments (Note) 1	Amount reported on interim consolidated statement of income (Note) 2
	Japan	North America	Latin America	Europe	China	Southeast Asia	Total		
Net sales									
Revenue from contracts with customers	55,190	24,359	52,926	-	10,612	2,096	145,184	-	145,184
Sales to outside customers	55,190	24,359	52,926	-	10,612	2,096	145,184	-	145,184
Intersegment sales or transfers	2,245	183	1,141	14	5,761	791	10,139	(10,139)	-
Total	57,436	24,542	54,067	14	16,374	2,888	155,324	(10,139)	145,184
Segment profit (loss)	1,787	55	759	(43)	(252)	252	2,558	73	2,631

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

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