



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

August 10, 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 quarterly securities report submission: August 10, 2023
 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 First Quarter of FY2023 (April 1, 2023 through June 30, 2023)

(1) Consolidated Operating Results (% 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	%
1Q of FY2023	67,923	36.5	184	-	170	-	(53)	-
1Q of FY2022	49,778	1.4	(2,342)	-	(2,422)	-	(2,953)	-

(Note) Comprehensive income 1Q of FY2023 3,202 million yen [84.1%] 1Q of FY2022 1,739 million yen [—%]

	Net income per share	Diluted net income per share
	yen	yen
1Q of FY2023	(1.55)	-
1Q of FY2022	(86.31)	-

(2) Consolidated Financial Position

	Total assets	Shareholder's equity	Shareholder's equity ratio
	Million yen	Million yen	%
1Q of FY2023	176,282	88,409	46.5
FY2022	170,004	86,481	47.3

(Reference) Equity capital 1Q of FY2023 81,934 million yen FY2022 80,369 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
FY2022	-	36.80	-	36.80	73.60
FY2023	-				
FY2023 (Forecast)		46.40	-	46.40	92.80

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

As for the forecast of the annual dividend per share for the current fiscal year, the Company will pay a regular dividend of 92.8 yen (an interim dividend of 46.4 yen and a year-end dividend of 46.4 yen), representing a dividend on equity ratio (DOE) of 4%, because the Company has no plans to change its management target value for FY2023 of a return on equity (ROE) of 8%.

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.

* Notes

- (1) Major subsidiary changes during the first three 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)	1Q of FY2023	35,242,846 shares	FY2022	35,242,846 shares
(ii) Number of treasury shares at the end of the period	1Q of FY2023	997,882 shares	FY2022	997,882 shares
(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)	1Q of FY2023	34,244,964 shares	1Q of FY2022	34,222,464 shares

* 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.

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

(1) Explanation on operating results

In the first three months of the fiscal year under review, the Japanese economy saw an improvement in sentiment amid the normalization of economic activities in the post-COVID environment, although consumer spending was sluggish with real wages eroded due to higher prices. Concern remains about a downturn due to price increases and an economic slowdown overseas, but the gradual economic recovery is expected to continue, centered on domestic demand.

In the auto industry in which the Group operates, the automotive manufacturers, which are customers of the Group, are seeking to expand their sales in response to the easing of supply constraints of semiconductors. In forecasting future business trends, it is necessary to carefully observe whether interest rates, which have been raised to tame price increases in major countries, can enable a soft landing without a significant decline in auto sales, and to closely monitor the Chinese market, where overall sales of Japanese cars have been sluggish.

In this operating environment, the performance during the first three months of the fiscal year under review was as follows: Net sales increased by 36.5% year on year to 67,923 million yen, which led to an operating profit of 184 million yen (compared to an operating loss of 2,342 million yen in the same period of the previous fiscal year), an ordinary profit of 170 million yen (compared to an ordinary loss of 2,422 million yen in the same period of the previous fiscal year) and a net loss attributable to owners of parent of 53 million yen (compared to a net loss attributable to owners of parent of 2,953 million yen in the same period of the previous fiscal year).

Earnings in the business segments are as follows.

(i) Japan

Net sales totaled 29,220 million yen (up 64.6% from the same period of the previous fiscal year), and operating profit was 263 million yen (compared to an operating loss of 1,400 million yen in the same period of the previous fiscal year).

(ii) North America

Net sales totaled 14,987 million yen (up 55.1% from the same period of the previous fiscal year), and operating profit was 201 million yen (compared to an operating loss of 329 million yen in the same period of the previous fiscal year).

(iii) Latin America

Net sales totaled 19,305 million yen (up 42.0% from the same period of the previous fiscal year), and operating loss was 131 million yen (compared to an operating loss of 1,140 million yen in 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 (down 100.0% from the same period of the previous fiscal year). Operating profit was 21 million yen (down 47.6% from the same period of the previous fiscal year).

(v) China

Net sales totaled 3,502 million yen (down 57.6% from the same period of the previous fiscal year), and operating loss was 166 million yen (compared to an operating profit of 621 million yen in the same period of the previous fiscal year).

(vi) Southeast Asia

Net sales totaled 907 million yen (up 106.2% from the same period of the previous fiscal year), and operating loss was 22 million yen (compared to an operating loss of 117 million yen in the same period of the previous fiscal year).

(2) Explanation on financial position

Total assets at the end of the first quarter of the fiscal year under review increased by 6,277 million yen from the end of the previous fiscal year to 176,282 million yen. This was mainly due to an increase of 2,796 million yen in cash and deposits and an increase of 1,535 million yen in notes and accounts receivable - trade.

Total liabilities increased by 4,349 million yen from the end of the previous fiscal year to 87,872 million yen. This was mainly caused by an increase of 4,916 million yen in current liabilities - other due to an increase in accounts payable - other, and accrued expenses, despite a decrease of 1,089 million yen in short-term borrowings.

Total net assets increased by 1,928 million yen from the end of the previous fiscal year to 88,409 million yen. This was mainly caused by an increase of 2,190 million yen in foreign currency translation adjustment, despite a decrease of 1,326 million yen in retained earnings.

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

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.

At present, we have no plans to change our management target values for ROE in the fiscal year ending March 31, 2024: at least 8% and preferably 10%.

2. Quarterly Consolidated Financial Results Forecast and Primary Notes

(1) Quarterly consolidated statement of financial position

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2023)	First quarter of the fiscal year under review (June 30, 2023)
Assets		
Current assets		
Cash and deposits	34,113	36,909
Notes and accounts receivable - trade	46,635	48,170
Securities	-	194
Merchandise and finished goods	2,606	2,619
Work in process	1,027	1,091
Raw materials and supplies	14,382	13,949
Other	7,062	7,302
Allowance for doubtful accounts	(21)	(30)
Total current assets	105,804	110,207
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,996	10,114
Machinery, equipment and vehicles, net	11,071	10,975
Other, net	13,620	14,030
Total property, plant and equipment	34,688	35,121
Intangible assets	999	1,089
Investments and other assets		
Investment securities	11,709	13,139
Other	17,284	17,219
Allowance for doubtful accounts	(482)	(494)
Total investments and other assets	28,511	29,864
Total non-current assets	64,199	66,074
Total assets	170,004	176,282

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2023)	First quarter of the fiscal year under review (June 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	40,095	40,615
Short-term borrowings	14,495	13,406
Income taxes payable	847	262
Provision for bonuses for directors (and other officers)	30	30
Provision for loss on litigation	312	321
Asset retirement obligations	217	217
Other	14,883	19,799
Total current liabilities	70,880	74,652
Non-current liabilities		
Long-term borrowings	5,500	5,500
Provision for share-based remuneration	227	342
Retirement benefit liability	2,199	2,453
Asset retirement obligations	54	38
Other	4,661	4,884
Total non-current liabilities	12,642	13,219
Total liabilities	83,523	87,872
Net assets		
Shareholders' equity		
Share capital	9,040	9,040
Capital surplus	8,713	8,713
Retained earnings	50,734	49,407
Treasury shares	(1,426)	(1,426)
Total shareholders' equity	67,061	65,735
Other comprehensive income		
Valuation difference on available-for-sale securities	630	1,335
Foreign currency translation adjustment	12,723	14,913
Remeasurements of defined benefit plans	(46)	(49)
Total other comprehensive income	13,307	16,199
Non-controlling interests	6,111	6,475
Total net assets	86,481	88,409
Total liabilities and net assets	170,004	176,282

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income
Quarterly Consolidated Statement of Income
First three months of the fiscal year under review

	(Unit: Millions of yen)	
	First three months of the previous fiscal year (April 1, 2022 through June 30, 2022)	First three months of the fiscal year under review (April 1, 2023 through June 30, 2023)
Net sales	49,778	67,923
Cost of sales	47,639	62,806
Gross profit	2,139	5,116
Selling, general and administrative expenses		
Employees' salaries and benefits	1,552	1,789
Shipping expenses	543	709
Other	2,386	2,433
Total selling, general and administrative expenses	4,482	4,932
Operating profit (loss)	(2,342)	184
Non-operating income		
Interest income	87	109
Dividend income	102	125
Share of profit of entities accounted for using equity method	14	113
Miscellaneous income	125	115
Total non-operating income	330	463
Non-operating expenses		
Interest expenses	112	235
Foreign exchange losses	276	145
Miscellaneous expenditures	21	96
Total non-operating expenses	410	477
Ordinary profit (loss)	(2,422)	170
Extraordinary income		
Gain on sale of non-current assets	2	10
Total extraordinary income	2	10
Extraordinary losses		
Loss on disposal of non-current assets	3	6
Business restructuring and improvement expenses	38	10
Total extraordinary losses	42	16
Profit (loss) before income taxes	(2,462)	163
Income taxes - current	567	607
Income taxes - deferred	(272)	(416)
Total income taxes	294	190
Profit (loss)	(2,757)	(26)
Profit attributable to non-controlling interests	195	26
Profit (loss) attributable to owners of parent	(2,953)	(53)

Quarterly Consolidated Statement of Comprehensive Income

First three months of the fiscal year under review

(Unit: Millions of yen)

	First three months of the previous fiscal year (April 1, 2022 through June 30, 2022)	First three months of the fiscal year under review (April 1, 2023 through June 30, 2023)
Profit (loss)	(2,757)	(26)
Other comprehensive income		
Valuation difference on available-for-sale securities	(129)	704
Foreign currency translation adjustment	3,653	1,889
Remeasurements of defined benefit plans	(9)	(3)
Share of other comprehensive income of associates accounted for under the equity method	983	637
Total other comprehensive income	4,497	3,228
Comprehensive income	1,739	3,202
(Breakdown)		
Comprehensive income attributable to owners of parent	992	2,838
Comprehensive income attributable to non-controlling interests	747	363

(3) Notes to 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)

Subsidiaries that apply International Financial Reporting Standards have applied Amendments to IAS12 "Deferred Taxes Related to Assets and Liabilities arising from a Single Transaction" from the first quarter of the fiscal year ending March 31, 2019. The adoption of this standard clarifies the accounting treatment at initial recognition for transactions that give rise to taxable and deductible temporary differences of the same amount at the time of the transaction. A separate tax asset is recognized on the Consolidated Balance Sheets. The impact of this change in accounting policy on the quarterly consolidated financial statements is minor.

(Segment information, etc.)

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

First three months of the previous fiscal year (April 1, 2022 through June 30, 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	17,751	9,660	13,591	77	8,256	439	49,778	-	49,778
Sales to outside customers	17,751	9,660	13,591	77	8,256	439	49,778	-	49,778
Intersegment sales or transfers	810	179	789	174	2,503	71	4,529	(4,529)	-
Total	18,561	9,839	14,381	252	10,760	511	54,307	(4,529)	49,778
Segment profit (loss)	(1,400)	(329)	(1,140)	41	621	(117)	(2,325)	(16)	(2,342)

(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 three months of the fiscal year under review (April 1, 2023 through June 30, 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	29,220	14,987	19,305	-	3,502	907	67,923	-	67,923
Sales to outside customers	29,220	14,987	19,305	-	3,502	907	67,923	-	67,923
Intersegment sales or transfers	885	201	901	205	1,818	51	4,064	(4064)	-
Total	30,106	15,188	20,207	205	5,320	958	71,987	(4064)	67,923
Segment profit (loss)	263	201	(131)	21	(166)	(22)	166	18	184

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

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