



# Consolidated Financial Highlights for the Second Quarter of FY2022 [Japanese GAAP]

November 11, 2022

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  
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 Scheduled date of quarterly securities report submission: November 11, 2022  
 Scheduled date of start of dividend payment: December 2, 2022  
 The additional materials of the quarterly financial results : Yes  
 Holding of the quarterly financial results meeting : Yes  
 (Amounts less than one million yen are rounded down)

## 1. Consolidated Financial Results for the Second Quarter of FY2022 (April 1, 2022 through September 30, 2022)

### (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	%
2Q of FY2022	107,925	13.1	(4,347)	—	(3,904)	—	167	—
2Q of FY2021	95,424	19.9	(5,664)	—	(4,638)	—	(4,703)	—

(Note) Comprehensive income 2Q of FY2022 8,321 million yen [ — %]  
 2Q of FY2021 (1,403) million yen [ — %]

	Net income per share	Diluted net income per share
	yen	yen
2Q of FY2022	4.90	—
2Q of FY2021	(137.43)	—

### (2) Consolidated Financial Positions

	Total assets	Shareholder's equity	Shareholder's equity ratio
	Million yen	Million yen	%
2Q of FY2022	169,551	85,249	46.5
FY2021	158,997	79,181	45.8

(Reference) Equity capital 2Q of FY2022 78,806 million yen  
 FY2021 72,862 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
FY2021	—	31.80	—	31.80	63.60
FY2022	—	36.80	—	—	—
FY2022 (Forecast)	—	—	—	36.80	73.60

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

## 3. Consolidated Forecast for FY2022 (April 1, 2022 through March 31, 2023)

(% 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	248,000	20.1	1,200	-	2,000	-	4,500	-	131.49

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

\* Notes

- (1) Major subsidiary changes during the first six 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)	2Q of FY2022	35,242,846 shares	FY2021	35,242,846 shares
(ii) Number of treasury shares at the end of the period	2Q of FY2022	997,882 shares	FY2021	1,020,382 shares
(iii) Average number of shares during the period (cumulative from the beginning of the fiscal year)	2Q of FY2022	34,228,893 shares	2Q of FY2021	34,222,043 shares

\* These financial highlights are not subject to audit procedures.

\* Note regarding 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 six months of the fiscal year under review, the Japanese economy saw the revitalization of economic activity progress after a shift to a strategy of living with and managing the COVID-19 pandemic. However, amid surging prices of natural resources and disruptions in supply chains triggered by the spread of COVID-19 infections, it has become increasingly difficult to make predictions about the future, such as the impact on supply chains, etc. caused by deepening division around the world fueled by the crisis in Ukraine. Furthermore, rapid interest rate hikes by the US aimed at stemming inflation have caused the yen to depreciate and prices to rise, leading to the cooling of consumer confidence.

In the auto industry in which the Group operates, the number of vehicles sold is on a path of recovery in general, compared to the same period of the previous fiscal year. However, the automotive manufacturers, which are customers of the Group, remain in a situation where they are unable to maintain initially planned production quantities mainly due to prolonged semiconductor shortages and problems with other supply chains. Although demand is so robust that our customers have a huge backlog of orders caused by the ongoing supply constraints, major economies have accelerated the pace of interest rate hikes in order to hold down inflation, and it is necessary to closely observe the impact on the automotive market down the road.

In this operating environment, the performance during the first six months of the fiscal year under review is: Net sales increased by 13.1% year on year to 107,925 million yen, which led to an operating loss of 4,347 million yen (compared to an operating loss of 5,664 million yen in the same period of the previous fiscal year), an ordinary loss of 3,904 million yen (compared to an ordinary loss of 4,638 million yen in the same period of the previous fiscal year) and profit attributable to owners of the parent of 167 million yen due to the recording of extraordinary income (gain on sale of non-current assets) from the transfer of non-current assets (compared to a net loss attributable to owners of parent of 4,703 million yen in the same period of the previous fiscal year).

Earnings in the business segments are as follows.

#### (i) Japan

Net sales totaled 42,565 million yen (up 23.1% from the same period of the previous fiscal year), and operating loss was 2,163 million yen (compared to an operating loss of 2,269 million yen in the same period of the previous fiscal year).

#### (ii) North America

Net sales totaled 21,125 million yen (up 12.9% from the same period of the previous fiscal year), and operating loss was 1,145 million yen (compared to an operating loss of 1,877 million yen in the same period of the previous fiscal year).

#### (iii) Latin America

Net sales totaled 28,622 million yen (up 20.8% from the same period of the previous fiscal year), and operating loss was 1,615 million yen (compared to an operating loss of 1,853 million yen in the same period of the previous fiscal year).

#### (iv) Europe

Net sales totaled 128 million yen (down 69.2% from the same period of the previous fiscal year), and operating profit was 103 million yen (compared to an operating loss of 178 million yen in the same period of the previous fiscal year).

#### (v) China

Net sales totaled 14,634 million yen (down 13.9% from the same period of the previous fiscal year), and operating profit was 671 million yen (down 17.0% from the same period of the previous year).

#### (vi) Southeast Asia

Net sales totaled 850 million yen (down 16.7% from the same period of the previous fiscal year), and operating loss was 191 million yen (compared to an operating loss of 135 million yen in the same period of the previous fiscal year).

### (2) Explanation on financial position

Total assets at the end of the second quarter of the fiscal year under review increased by 10,553 million yen from the end of the previous fiscal year to 169,551 million yen. This is mainly due to an increase of 5,056 million yen in cash and deposits and an increase of 2,056 million yen in raw materials and supplies.

Total liabilities increased by 4,484 million yen from the end of the previous fiscal year to 84,301 million yen. This is primarily due to an increase of 2,739 million yen in notes and accounts payable - trade.

Total net assets increased by 6,068 million yen from the end of the previous fiscal year to 85,249 million yen. This is primarily due to an increase of 7,497 million yen in foreign currency translation adjustment.

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

Consolidated financial results forecast for the fiscal year ending March 2023 remains unchanged from the one that was announced on July 28, 2022.

## 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, 2022)	Second quarter of the fiscal Year under review (September 30, 2022)
<b>Assets</b>		
Current assets		
Cash and deposits	32,046	37,103
Notes and accounts receivable - trade	39,880	40,492
Securities	361	-
Merchandise and finished goods	2,666	2,416
Work in process	749	1,019
Raw materials and supplies	13,254	15,311
Other	5,077	5,846
Allowance for doubtful accounts	(42)	(16)
Total current assets	93,994	102,172
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,257	10,604
Machinery, equipment and vehicles, net	10,898	12,181
Other, net	14,600	14,408
Total property, plant and equipment	36,756	37,193
Intangible assets	1,302	1,275
Investments and other assets		
Investment securities	12,733	12,599
Other	14,639	16,856
Allowance for doubtful accounts	(427)	(546)
Total investments and other assets	26,944	28,909
Total non-current assets	65,003	67,378
Total assets	158,997	169,551

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2022)	Second quarter of the fiscal Year under review (September 30, 2022)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	34,549	37,288
Short-term borrowings	15,499	16,727
Income taxes payable	916	780
Other	14,115	15,785
Total current liabilities	65,081	70,581
Non-current liabilities		
Long-term borrowings	6,500	6,000
Provision for retirement benefits for directors	11	-
Provision for share-based remuneration	191	187
Retirement benefit liability	1,698	2,128
Asset retirement obligations	247	247
Other	6,086	5,156
Total non-current liabilities	14,734	13,719
Total liabilities	79,816	84,301
<b>Net assets</b>		
Shareholders' equity		
Share capital	9,040	9,040
Capital surplus	8,713	8,713
Retained earnings	47,285	46,352
Treasury shares	(1,462)	(1,426)
Total shareholders' equity	63,577	62,680
Other comprehensive income		
Valuation difference on available-for-sale securities	1,215	578
Foreign currency translation adjustment	7,938	15,435
Remeasurements of defined benefit plans	131	112
Total other comprehensive income	9,285	16,126
Non-controlling interests	6,318	6,443
Total net assets	79,181	85,249
Total liabilities and net assets	158,997	169,551

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

## Quarterly Consolidated Statement of Income

First six months of the fiscal year

(Unit: Millions of yen)

	First six months of the previous fiscal year (April 1, 2021 through September 30, 2021)	First six months of the fiscal year under review (April 1, 2022 through September 30, 2022)
Net sales	95,424	107,925
Cost of sales	92,739	103,105
Gross profit	2,685	4,820
Selling, general and administrative expenses		
Employees' salaries and benefits	3,014	3,103
Shipping expenses	962	1,154
Other	4,372	4,909
Total selling, general and administrative expenses	8,349	9,167
Operating profit (loss)	(5,664)	(4,347)
Non-operating income		
Interest income	151	153
Dividend income	110	103
Share of profit of entities accounted for using equity method	854	243
Miscellaneous income	209	326
Total non-operating income	1,326	826
Non-operating expenses		
Interest expenses	125	230
Foreign exchange losses	36	105
Miscellaneous expenditures	138	46
Total non-operating expenses	300	382
Ordinary profit (loss)	(4,638)	(3,904)
Extraordinary income		
Gain on sale of non-current assets	53	5,347
Total extraordinary income	53	5,347
Extraordinary losses		
Loss on disposal of non-current assets	39	78
Business restructuring and improvement expenses	-	71
Extra retirement payments	147	-
Total extraordinary losses	186	149
Profit (loss) before income taxes	(4,771)	1,293
Income taxes - current	801	1,298
Income taxes - deferred	(1,018)	(588)
Total income taxes	(217)	709
Profit (loss)	(4,554)	583
Profit attributable to non-controlling interests	148	416
Profit (loss) attributable to owners of parent	(4,703)	167

Quarterly Consolidated Statement of Comprehensive Income

First six months of the fiscal year

(Unit: Millions of yen)

	First six months of the previous fiscal year (April 1, 2021 through September 30, 2021)	First six months of the fiscal year under review (April 1, 2022 through September 30, 2022)
Profit (loss)	(4,554)	583
Other comprehensive income		
Valuation difference on available-for-sale securities	329	(636)
Foreign currency translation adjustment	2,378	6,720
Remeasurements of defined benefit plans	7	(19)
Share of other comprehensive income of associates accounted for under the equity method	434	1,673
Total other comprehensive income	3,150	7,737
Comprehensive income	(1,403)	8,321
(Breakdown)		
Comprehensive income attributable to owners of parent	(1,835)	7,008
Comprehensive income attributable to non-controlling interests	431	1,313



## (3) Quarterly consolidated statement of cash flows

(Unit: Millions of yen)

	First six months of the previous fiscal year (April 1, 2021 through September 30, 2021)	First six months of the fiscal year under review (April 1, 2022 through September 30, 2022)
Cash flows from operating activities		
Profit (loss) before income taxes	(4,771)	1,293
Depreciation	2,765	2,729
Amortization of goodwill	5	-
Increase (decrease) in allowance for doubtful accounts	(770)	(38)
Interest and dividend income	(262)	(256)
Interest expenses	125	230
Share of loss (profit) of entities accounted for using equity method	(854)	(243)
Loss (gain) on disposal of non-current assets	(14)	(5,269)
Decrease (increase) in trade receivables	10,816	2,708
Decrease (increase) in inventories	(2,820)	(85)
Increase (decrease) in trade payables	(4,288)	(817)
Other	1,523	925
Subtotal	1,455	1,177
Interest and dividends received	305	548
Interest paid	(128)	(195)
Income taxes paid	(804)	(1,462)
Cash flows from operating activities	827	67
Cash flows from investing activities		
Payments into time deposits	(650)	-
Proceeds from withdrawal of time deposits	139	1,440
Net decrease (increase) in short-term investment securities	-	375
Purchase of property, plant and equipment	(1,827)	(1,764)
Proceeds from sale of property, plant and equipment	81	6,862
Purchase of investment securities	(51)	(22)
Other	8	111
Cash flows from investing activities	(2,299)	7,002
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(651)	(714)
Repayments of long-term borrowings	(500)	(500)
Decrease (increase) in treasury shares	1	36
Dividends paid to non-controlling interests	(612)	(923)
Dividends paid	(223)	(1,099)
Other	(468)	(835)
Cash flows from financing activities	(2,455)	(4,037)
Effect of exchange rate change on cash and cash equivalents	1,968	3,263
Net increase (decrease) in cash and cash equivalents	(1,958)	6,296
Cash and cash equivalents at beginning of period	27,196	29,360
Cash and cash equivalents at end of period	25,238	35,656

(4) 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)

(Application of 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 the "Implementation Guidance for Fair Value Measurement Accounting Standard") since the beginning of the first quarter of the fiscal year. Accordingly, the company has decided to apply the new accounting policies stipulated by the Implementation Guidance for Fair Value Measurement Accounting Standard in the future, pursuant to the transitional treatment stipulated in paragraph 27-2 of the Implementation Guidance for Fair Value Measurement Accounting Standard.

There is no impact on Quarterly Consolidated Financial Statements.

(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 first quarter of the fiscal year. Accordingly, regarding the lease transactions of leases 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 first quarter of the fiscal year, right-of-use assets are included and presented in "Other" under Property, plant and equipment with lease liabilities included and presented in "Other" under Current liabilities and in "Other" under Non-current liabilities.

The impact on the Quarterly Consolidated Statement of Income and the Quarterly Consolidated Statement of Cash Flows for the first six months of the fiscal year under review is insignificant.

(Segment information, etc.)

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

First six months of the previous fiscal year (April 1, 2021 through September 30, 2021)

(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	34,572	18,718	23,700	416	16,996	1,020	95,424	—	95,424
Sales to outside customers	34,572	18,718	23,700	416	16,996	1,020	95,424	—	95,424
Intersegment sales or transfers	1,983	272	2,348	315	4,164	499	9,583	(9,583)	—
Total	36,555	18,990	26,048	732	21,161	1,519	105,008	(9,583)	95,424
Segment profit (loss)	(2,269)	(1,877)	(1,853)	(178)	808	(135)	(5,505)	(158)	(5,664)

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

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

First six months of the fiscal year under review (April 1, 2022 through September 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	42,565	21,125	28,622	128	14,634	850	107,925	—	107,925
Sales to outside customers	42,565	21,125	28,622	128	14,634	850	107,925	—	107,925
Intersegment sales or transfers	1,563	380	1,172	546	5,271	217	9,153	(9,153)	—
Total	44,129	21,505	29,794	674	19,905	1,067	117,079	(9,153)	107,925
Segment profit (loss)	(2,163)	(1,145)	(1,615)	103	671	(191)	(4,341)	(6)	(4,347)

(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