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June 3, 2024

Other Matters Provided Electronically (Matters Excluded from Documents Delivered to Shareholders) for the Notice of the 72nd Annual General Meeting of Shareholders

System for Ensuring Appropriateness of Business and Outline of Operational Status

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Non-consolidated Statements of Changes in Equity

Notes to Non-consolidated Financial Statements

In accordance with laws and regulations and Article 14 of the Articles of Incorporation of the Company, the above matters are excluded from the documents delivered to shareholders who have made a request for the delivery of paper documents (paper-based documents describing the items to be provided electronically), and are provided to shareholders by posting them on the Company's website (https://www.tachi-s.co.jp/en/ir/stock_information/meeting.html), the website for publication of materials for the General Meeting of Shareholders, and the TSE website (Company Announcements Service).

TACHI-S CO., LTD.

System for Ensuring Appropriateness of Business and Outline of Operational Status

(1) System for Ensuring Appropriateness of Business

At the Board of Directors meeting held on May 16, 2006, the Company resolved the basic policy on the development of the internal control system, and has been developing a system based on the basic policy. In light of the revision of the Companies Act, etc., a partial revision was resolved at the Board of Directors meeting held on April 24, 2015, and the resolution was as follows.

The TACHI-S Group's Basic Policy on the Internal Control System

The Basic Policy on the Internal Control System outlines our basic approach to internal controls within the TACHI-S Group and is as follows.

Each group company shall arrange for its Board of Directors to pass a resolution adopting this policy as one of its basic policies and ensure that directors and all employees fully understand it

① A system for ensuring that directors and employees execute their duties in compliance with laws, ordinances, and Articles of Incorporation, and a system for ensuring appropriate business operations are conducted by the TACHI-S Group

1) The officers and employees of the TACHI-S Group shall act in accordance with the TACHI-S Group's Charter of Corporate Behavior and the TACHI-S Group's Code of Conduct
2) TACHI-S shall establish the Ethics Committee and Compliance Committee in accordance with the Compliance Operational Rules.
3) Each TACHI-S Group company shall have an appropriate number of compliance promoters, establish an internal reporting system, and regularly report to TACHI-S on the status of operations.
4) TACHI-S shall regularly confirm the maintenance status of the internal control system of each TACHI-S Group company, identify issues and challenges, and make improvements.
5) The Management Audit Office shall regularly audit each TACHI-S Group company to ensure appropriate business operations.
6) The TACHI-S Group shall eliminate any relationships with antisocial forces.

② A system for maintaining and managing information pertaining to the execution of duties by directors

1) Information pertaining to the execution of duties by directors shall be recorded and retained in documents in accordance with laws, ordinances, and internal rules. Directors and corporate auditors may inspect such documents at any time.
2) Trade secrets and personal information shall be managed appropriately pursuant to the Information Security Policy and Personal Information Protection Rules.

③ Rules concerning risk management within the TACHI-S Group and other systems

1) TACHI-S shall establish Risk Management Rules that prescribe matters concerning risk management of the TACHI-S Group.
2) TACHI-S shall establish the Risk Management Committee as the organization responsible for risk management, prioritize risks to be addressed, and discuss issues and challenges relating to risk management within the TACHI-S Group.
3) Each TACHI-S Group company shall develop countermeasures against risks taking into account the characteristics of each company based on the abovementioned issues and challenges and keep officers and employees informed of them.

④ A system for ensuring efficient execution of duties by directors of the TACHI-S Group

1) TACHI-S shall execute its business in a flexible manner through the executive officer system.
2) TACHI-S shall develop the TACHI-S Group mid-term management plan, and each TACHI-S Group company shall develop an annual business plan to execute the management plan. TACHI-S shall manage the progress of these plans through meetings of the Executive Committee or any other meetings.
3) Each TACHI-S Group company shall establish standards concerning division of duties, authority and decision-making, and other standards concerning the organization.

⑤ A system for reporting to TACHI-S on matters concerning the execution of duties by directors, etc. of subsidiaries of TACHI-S

1) TACHI-S shall keep all TACHI-S Group companies informed of the Affiliate Management Rules established by TACHI-S and impose upon them the obligation of reporting to and obtaining the approval of TACHI-S.
2) Each TACHI-S Group company shall report to TACHI-S on the progress of the business plan and challenges at a monthly meeting on financial reports and semiannual meeting on business reports.

⑥ Matters concerning employees who assist corporate auditors in their duties and matters concerning the independence of such employees from directors

1) The corporate auditors may request that employees be appointed as necessary to assist with the duties of the corporate auditors.
2) If employees are appointed to assist the corporate auditors in their duties, then personnel transfers, personnel evaluations, and disciplinary actions of the employees shall be subject to the approval of the Board of Corporate Auditors.
3) The corporate auditors shall conduct an efficient audit in cooperation with the Management Audit Office.

⑦ A system for directors and employees of the TACHI-S Group to report to corporate auditors

1) If a director or employee of the TACHI-S Group finds any fact that is likely to significantly damage TACHI-S, he or she shall immediately report such a fact to the Board of Corporate Auditors.
2) The directors and employees of the TACHI-S Group shall regularly and from time to time, at the request of the corporate auditors, report to the corporate auditors on matters concerning the execution of business.

⑧ A system for ensuring that a person who makes a report to the corporate auditors is not treated in an adverse manner

1) Each TACHI-S Group company shall protect directors and employees who inform corporate auditors of alleged wrongdoing from unfair treatment and have all directors and employees across the Group recognize such policy.
2) TACHI-S shall prescribe in provisions concerning the internal reporting system of each TACHI-S Group company that no one shall be dismissed or otherwise treated in an adverse manner for making such a report.

⑨ Matters regarding the policy on procedures for advance payments and recovery of expenses incurred with respect to executing the duties of corporate auditors and handling other expenses or obligations incurred with respect to executing such duties

1) If a corporate auditor requests that TACHI-S pay expenses in advance with respect to his or her execution of duties pursuant to Article 388 of the Companies Act or makes other requests, the responsible department shall promptly handle such expenses or obligations after examining the request.

⑩ Other systems for ensuring efficient execution of an audit by corporate auditors

1) The directors shall actively encourage corporate auditors to attend important meetings, inspect important documents, and conduct on-site audits of factories and subsidiaries to ensure the efficient execution of an audit by corporate auditors.
2) The directors shall ensure a system under which corporate auditors regularly exchange opinions with the representative director, executive officers, and accounting auditors.

(2) Outline of Operational Status of System for Ensuring Appropriateness of Business

The outline of the operational status of the system for ensuring the appropriateness of business for the fiscal year under review is as follows.

① Compliance Matters

- The Ethics Committee, chaired by the Representative Director & President, meets annually in accordance with the Compliance Management Regulations to report on the status of responses to whistleblowing and non-compliance incidents in the previous fiscal year, and to determine a compliance activity plan for the current fiscal year.
- The TACHI-S Group's Charter of Corporate Conduct, the TACHI-S Group's Code of Conduct, etc., have been established and distributed to the officers and employees of the TACHI-S Group, and they are educated on the above at the on-boarding training program, rank-specific training programs, etc.
- We conduct investigations and analysis on the status of the development and operations of internal control systems at each group company.

② Risk Management Matters

- Based on the Risk Management Regulations that stipulate risk management at the TACHI-S Group, the Risk Management Committee identifies risks and conducts surveys and assessments of risk responses by each group company. The details of the activities of the Risk Management Committee are regularly reported to the Board of Directors for information sharing.
- We monitor the quality and production status of each group company and take measures as necessary.

③ Matters Concerning Directors' Execution of Duties

- The Board of Executive Officers meetings are held twice a month in principle to deliberate and decide on important matters other than those that should be resolved by the Board of Directors. Matters that should be resolved by the Board of Directors are deliberated in advance at a meeting of the Board of Executive Officers and presented to the Board of Directors. During the fiscal year under review, the Board of Directors met 15 times.

④ Subsidiary Management Matters

- In accordance with the Regulations on Management of Affiliated Companies established by the Company, we receive reports on important matters from group companies, and report them to the Board of Directors of the Company as appropriate.
- Management status, etc., of each group company are reported monthly at a meeting of the Board of Executive Officers.
- We receive reports on the progress and issues of each group company's business plan at our performance review meetings held every six months.

⑤ Matters Concerning Audit & Supervisory Board Members

- The Audit & Supervisory Board Members hold a meeting of the Audit & Supervisory Board Members Liaison Committee once a month to share information with the Management Audit Office.
- The Audit & Supervisory Board Members attend important meetings and view important documents related to business execution in order to collect information.
- The Audit & Supervisory Board Members regularly exchange opinions with the Representative Directors, Outside Directors, and Executive Officers.
- The Audit & Supervisory Board Members exchange information with the accounting auditor at accounting audit results report sessions held on a quarterly basis, tripartite meetings held four times a year, etc.

Basic Policy on Control of the Company

(1) Basic Policy

The Company believes that it is necessary for the persons who control decisions on the Company's financial and business policies to understand the Company's corporate philosophy and sources of corporate value and to enable the Company’s corporate value and the common benefit of the shareholders to be continuously and sustainably secured and improved. In addition, the Company believes that decisions on acquisition proposals involving the transfer of control of the Company should ultimately be made based on the will of the Company's shareholders as a whole.

The Company understands that a large-scale purchase of the Company's shares, etc., should not be denied if it contributes to the improvement of the corporate value of the Company and the common benefit of the shareholders. However, some large-scale purchases may cause damage to the corporate value of the Company and the common benefit of the shareholders, such as those whose purpose may clearly infringe the corporate value of the Company and the common benefit of the shareholders, those which may effectively compel shareholders of the Company to sell their shares, and those which may not give enough time or information to the Board of Directors or shareholders of the Company to consider proposals, alternatives, etc., pertaining to the relevant large-scale purchase.

The Company believes that those who make a large-scale purchase that does not contribute to the corporate value or common benefit of the shareholders are inappropriate as persons who control decisions on the financial and business policies of the Company, and that it is essential to secure the corporate value of the Company and the common benefit of the shareholders by taking necessary and reasonable measures against such persons’ large-scale purchase.

(2) Special Initiatives that Contribute to Implementation of Basic Policy

Since our establishment, the Company has had business dealings with many automobile manufacturers as a specialized manufacturer of automotive seats. We have maintained and developed our business to this day by taking advantage of this business.

The automotive industry, in which we are involved, is becoming more mature, and we are in a severe situation where we cannot expect to see an increase in domestic production in the future. In such environment, the automobile manufacturers that are our clients are promoting their activities globally with a new medium to long-term growth strategy for survival. We recognize that the trend of this new strategy, particularly taking on the challenge of business expansion mainly in emerging countries, forms a critical moment for our survival as well.

Under these circumstances, the Group is working to strengthen our structure to achieve competitive costs, to propose entire sheets to meet the needs of our clients, and to become a "company of choice" as a "global sheet system creator" capable of global production.

In order to strengthen corporate governance, the term of office of directors has been reduced to one year and an Executive Managing Officer system has been introduced with the aim of clarifying management responsibilities and improving management efficiency. In addition, four Outside Directors (1 attorney-at-law, 1 certified public accountant, 2 business owners) and two Outside Audit & Supervisory Board Members (1 attorney-at-law, 1 certified public accountant), who are not biased toward the interests of the management or specific stakeholders, are appointed to monitor management from an objective and professional perspective.

(3) Outline of Specific Measures to Prevent the Company's Decisions on Financial and Business Policies from Being Controlled by Inappropriate Persons in Light of Basic Policy

The Company will take appropriate measures within the scope permitted by relevant laws and regulations against persons who intend to make a large-scale purchase of the Company’s shares, such as requiring such persons to provide necessary and enough information for shareholders to make accurate judgments on the appropriateness of the large-scale purchase, disclosing the opinions of the Board of Directors of the Company, etc., and ensuring time for shareholders' consideration.

(4) Judgment and Reasons of the Board of Directors of the Company for Measures

The measures stated in paragraphs (2) and (3) are in line with the basic policy in paragraph (1) and aimed at protecting the Company's corporate value and the common benefit of the shareholders, not intended to maintain the position of the Company's Executive Officers.

Consolidated Statements of Changes in Equity

(From April 1, 2023 to March 31, 2024)

(Million yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2023	9,040	8,713	50,734	(1,426)	67,061
Changes during the period					
Dividends of surplus			(2,879)		(2,879)
Net income attributable to owners of parent			5,422		5,422
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				57	57
Net changes in items other than shareholders' equity					
Total changes during the period	-	-	2,542	57	2,600
Balance as of March 31, 2024	9,040	8,713	53,277	(1,368)	69,662

(Million yen)

	Accumulated 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 accumulated other comprehensive income		
Balance as of April 1, 2023	630	12,723	(46)	13,307	6,111	86,481
Changes during the period						
Dividends of surplus						(2,879)
Net income attributable to owners of parent						5,422
Purchase of treasury shares						(0)
Disposal of treasury shares						57
Net changes in items other than shareholders' equity	1,249	5,234	321	6,806	410	7,216
Total changes during the period	1,249	5,234	321	6,806	410	9,817
Balance as of March 31, 2024	1,879	17,958	275	20,113	6,522	96,298

Notes to Consolidated Financial Statements

Important Matters, etc., as the Basis for Preparation of Consolidated Financial Statements

1. Scope of Consolidation

(1) Number of Consolidated Subsidiaries 27

Company names : TF-METAL Co., Ltd., Nui Tec Corporation, TACHI-S H&P Co., Ltd., TF-METAL Iwata Co., Ltd., TF-METAL Kyushu Co., Ltd., TF-METAL Higashi Mikawa Co., Ltd., TACHI-S Engineering U.S.A., Inc., TF-METAL Americas Corporation, SETEX, Inc., TACHI-S Automotive Seating U.S.A., LLC, TF-METAL U.S.A., LLC, TACHI-S Engineering Latin America, S.A.de C.V., Industria de Asiento Superior, S.A.de C.V., SETEX Automotive Mexico, S.A.de C.V., TF-METAL Mexico, S.A.de C.V., TACHI-S Brasil Industria de Assentos Automotivos Ltda., TACHI-S Engineering Europe S.A.R.L., TACHI-S China Co., Ltd., Wuhan Dongfeng TACHI-S Yanfeng Automotive Seating Co., Ltd., TACLE Guangzhou Automotive Seat Co., Ltd., Hunan TACHI-S Automotive Seating Co., Ltd., TACHI-S Lear DFM Automotive Seating (Xiangyang) Co., Ltd., TACHI-S Trim Guangzhou Co., Ltd., TACHI-S Trim Wuhan Co., Ltd., TF-METAL Zhejiang Co., Ltd., TACHI-S (Thailand) Co., Ltd., TACHI-S Automotive Seating (Thailand) Co., Ltd.

(Matters Concerning Changes in Scope of Consolidation)

The winding up of TACHI-S Canada, Ltd., which was formerly a consolidated subsidiary, has been completed and it was therefore excluded from the scope of consolidation in the fiscal year under review.

(2) Names, etc., of Major Non-consolidated Subsidiaries

Company names : TACHI-S Service Co., Ltd., TACHI-S Engineering Zhengzhou Co., Ltd., TACHI-S Engineering Vietnam Co., Ltd., APM TACHI-S Seating Systems Vietnam Co., Ltd.

(Reasons for Exclusion from Scope of Consolidation)

These non-consolidated subsidiaries are excluded from the scope of consolidation because they are small in size with their total assets, net sales, net profit or loss (amount proportionate to the equity share), retained earnings (amount proportionate to the equity share), etc., taken into consideration, and have no material impact on the consolidated financial statements as a whole.

2. Matters Concerning Application of the Equity Method

(1) Number of Non-consolidated Subsidiaries Accounted for by the Equity Method: 1

Company names : TACHI-S Engineering Zhengzhou Co., Ltd.

(2) Number of Affiliated Companies Accounted for by the Equity Method: 4

Company names : Kinryo Kogyo Co., Ltd., TechnoTrim, Inc., Zhengzhou Taixin Interior Co., Ltd., Lear DFM TACHI-S Automotive Seating (Dalian) Co., Ltd.

(3) Names, etc., of Major Non-Consolidated Subsidiaries and Affiliated Companies Not Accounted for by the Equity Method

Non-consolidated subsidiaries

Company names : TACHI-S Service Co., Ltd., TACHI-S Engineering Vietnam Co., Ltd., APM TACHI-S Seating Systems Vietnam Co., Ltd.

Affiliated companies

Company names : Zhengzhou Taizhixin Automotive Seating Co., Ltd., Lear Dongshi TACHI-S Automotive Seating (Wuhan) Co., Ltd., APM TACHI-S Seating Systems Sdn.Bhd., Uno Minda TACHI-S Seating Private Limited

(Reasons for Not Applying the Equity Method)

These companies are not accounted for by the equity method because they have little effect on net profit or loss, retained earnings, etc., and their effects as a whole are immaterial.

(4) Matters Concerning Fiscal Year, etc., of Companies Accounted for by the Equity Method

Of the companies accounted for by the equity method, Kinryo Kogyo Co., Ltd. and TechnoTrim, Inc. have a closing date of September 30. In preparing the consolidated financial statements, the financial statements based on the provisional settlement of accounts as of the consolidated closing date are used. The closing date of TACHI-S Engineering Zhengzhou Co., Ltd., Zhengzhou Taixin Interior Co., Ltd., and Lear DFM TACHI-S Automotive Seating (Dalian) Co., Ltd. is December 31, and the financial statements as of that date are used in preparing the consolidated financial statements.

3. Matters Concerning Fiscal Year, etc., of Consolidated Subsidiaries

Of the consolidated subsidiaries, TACHI-S Automotive Seating U.S.A., LLC, TACHI-S Engineering Latin America, S.A.de C.V., Industria de Asiento Superior, S.A.de C.V., SETEX Automotive Mexico, S.A.de C.V., TACHI-S Brasil Industria de Assentos Automotivos Ltda., TACHI-S China Co., Ltd., Wuhan Dongfeng TACHI-S Yanfeng Automotive Seating Co., Ltd., TACLE Guangzhou Automotive Seat Co., Ltd., Hunan TACHI-S Automotive Seating Co., Ltd., TACHI-S Lear DFM Automotive Seating (Xiangyang) Co., Ltd., TACHI-S Trim Guangzhou Co., Ltd., TACHI-S Trim Wuhan Co., Ltd., TF-METAL Zhejiang Co., Ltd., TACHI-S (Thailand) Co., Ltd., and TACHI-S Automotive Seating (Thailand) Co., Ltd. have a closing date of December 31. In preparing the consolidated financial statements, the financial statements as of that date are used, and necessary adjustments are made to reflect material transactions that occurred between their closing date and the consolidated closing date for consolidation.

The closing date of other consolidated subsidiaries is the same as the consolidated closing date.

4. Matters Concerning Accounting Policies

(1) Standards and Methods for Valuation of Material Assets

① Securities

Other securities

Those other shares without market price, etc.	Fair value method (The entire amount of valuation differences are inserted directly into net assets, and the cost of sale is calculated using the weighted-average method.)
Shares without market price, etc.	Cost method based primarily on the weighted-average method

② Inventories

Finished goods, work in process (mass-produced products), and raw materials	Cost method based primarily on the weighted-average method (Amount shown on balance sheet is calculated by writing down based on declines in profitability)
Other products and work in process	Cost method based primarily on the specific identification method (Amount shown on balance sheet is calculated by writing down based on declines in profitability)
Supplies	Last purchase cost method

(2) Depreciation Method for Important Depreciable Assets

① Tangible Fixed Assets

The declining-balance method is principally applied to the tangible fixed assets of the Company and its domestic consolidated subsidiaries (however, the straight-line method is applied to the buildings (excluding facilities) acquired on or after April 1, 1998, and to the facilities attached to buildings and the structures acquired on or after April 1, 2016). The straight-line method is principally applied to the tangible fixed assets of the Company's overseas consolidated subsidiaries.

② Intangible Fixed Assets

Straight-line method

The straight-line method based on the internal use period (5 years) is applied to software (for internal use).

③ Long-term Prepaid Expenses

Straight-line method

(3) Standards for Recognition of Material Allowances

① Allowance for Doubtful Accounts

To record an estimated unrecoverable amount from possible losses on unrecoverable receivables, the historical default rate is mainly used for general receivables, and the possibility of collection for each individual account is examined for specific receivables with concerns of recoverability.

② Provision for Bonuses for Officers

To prepare for the bonuses to be paid to officers subject to approval at the annual general meeting of shareholders, the amount based on the estimated amount to be paid as of the fiscal year under review is recorded.

③ Provision for Share Payment

To prepare for the provision of shares based on the performance-linked stock compensation plan, the amount based on the estimated share payment obligations as of the end of the fiscal year under review is recorded.

④ Provision for Loss on Litigation

To prepare for losses arising from pending litigation, the estimated amount of future losses is recorded.

(4) Standards for Recognition of Revenue and Expenses

The details of the major obligations of the Company and its consolidated subsidiaries in their principal business with respect to revenue arising from their contracts with customers, and the ordinary point in time at which such obligations are satisfied (the ordinary point in time at which revenue is recognized) are as follows.

The principal business of the Company and its consolidated subsidiaries is the automotive seat business. In this business, we mainly manufacture and sell automotive seats, and recognize revenue from such sales when they are delivered to or accepted by our customers. Provided, however, that for domestic sales we recognize revenue at the time of shipment. The Group processes parts and raw materials purchased from clients ("Paid Supplies"), and sells finished goods to such clients at a price with the processing costs, etc., added to the purchase price ("Paid Supply Transaction"). In a case where the supplier of the Paid Supplies is substantially obligated to repurchase the same, the net processing costs, etc., of such transaction are recognized as revenue.

(5) Other Important Matters for Preparation of Consolidated Financial Statements

Accounting for retirement benefits

To make allowances for the payment of retirement benefits to employees and executive officers, the amount obtained by deducting the amount of pension assets from retirement benefit obligations is recorded, mainly based on the estimated amount as of the end of the fiscal year under review. In calculating retirement benefit obligations, the benefit calculation standard is used for attributing the estimated retirement benefit amount to the period up to the end of the fiscal year under review.

Past service costs are recorded as expenses mainly with the straight-line method over a fixed number of years (10 years) within the average remaining service period of employees at the time such costs are incurred.

Actuarial gains and losses are, in principle, treated as expenses in the fiscal year following the one in which they arise, in an amount proportionally divided using the straight-line method over a fixed number of years (10 years) within the average remaining service period of employees at the time the differences emerge each fiscal year.

Unrecognized actuarial gains and losses and unrecognized past service costs are recorded in the remeasurements of defined benefit plans of the accumulated other comprehensive income, in the net assets section, after adjusting for tax effects.

Changes in Accounting Policies

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 fiscal year under review. 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 consolidated financial statements is insignificant.

Notes on Accounting Estimates

Information on judgments made in the application of accounting policies that have a material impact on the amounts recognized in the consolidated financial statements is included in "4. Matters Concerning Accounting Policies" in "Important Matters, etc. as the Basis for Preparation of Consolidated Financial Statements." The items below involve assumptions that may cause significant changes in the following fiscal year, and require significant management decisions.

1. Item Name Representing Details of Accounting Estimate

   Recoverability of deferred tax assets

2. Amounts Recorded in Consolidated Financial Statements for Fiscal Year under Review

Deferred tax assets recorded in the consolidated financial statements	¥6,566 million
Deferred tax liabilities recorded in the consolidated financial statements	¥(2,842) million
Deferred tax liabilities recorded on a non-consolidated basis	
Subtotal of deferred tax assets	¥5,754 million
Valuation reserve	¥(5,248) million
Total deferred tax assets	¥506 million
Deferred tax liabilities	¥(1,008) million
Offset against deferred tax assets	¥506 million
Net deferred tax liabilities	¥(502) million

3. Other Information that Contributes to Understanding of Accounting Estimates

The Group records deferred tax assets for deductible temporary differences that it determines are likely to be able to subtract future taxable income based on a reasonable estimate of future taxable income. This includes deferred tax assets of 506 million yen that the Company recorded in the fiscal year under review.

In the past four fiscal years, the Company experienced sustained operating losses due to a decline in sales arising from semiconductor supply shortages and other factors, as well as a rise in raw material prices exceeding our various improvement activities, etc. Under such circumstances, we had tax losses in the past and determined that we fell under Category 4 under the Implementation Guidance on Recoverability of Deferred Tax Assets (Guidance No. 26). However, as we were not sure if we would have taxable income before adding or deducting temporary differences, etc., for the following fiscal year or not, we did not record deferred tax assets. On the other hand, we gained operating income in the fiscal year under review due to an increase in sales from the easing of semiconductor supply shortages, an improvement of the earnings structure including a reduction in fixed costs, etc. As the recovery trend is expected to continue, temporary differences that are expected to be eliminated in the following fiscal year based on the estimated amount of taxable income before adding or deducting temporary differences, etc., for the following fiscal year are recorded as deferred tax assets, after careful accounting estimation and evaluation as follows.

The Group has implemented additional measures to improve earnings in response to changes happening in the business environment since the establishment of the Medium-term Management Plan in FY2021, whose final year is FY2024. As a result, earnings structure reforms have progressed in Japan, North America and Latin America, and we are now in a position where we can expect to transform into a structure that can generate operating income.

Evaluation of Recoverability of the Company's Deferred Tax Assets

(1) Calculation Method

Based on the business plan approved by the Board of Directors of the Company, the timing of future taxable income generated and its amount are estimated, and deferred tax assets are recorded accordingly.

In determining the recoverability of deferred tax assets recorded on a non-consolidated basis, we review the taxable income levels for the past three years and the fiscal year under review as well as the estimated amount of taxable income based on the future business plan in light of the Implementation Guidance on Recoverability of Deferred Tax Assets (Guidance No. 26), and record deferred tax assets within the extent that they have the effect of reducing the future tax burden after scheduling temporary differences, etc., for the following fiscal year based on the estimated amount of taxable income before adding or deducting temporary differences, etc., for the following fiscal year.

(2) Major Assumption

Estimates of future taxable income are based on the future business plan. The major assumption with relatively high uncertainties in the forecast of sales under the business plan is the expected number of orders received. Thus, certain uncertainties of the estimated order quantity announced by each automobile manufacturer for the following fiscal year is factored into the said estimates.

(3) Impact on the Company's Consolidated Financial Statements, etc.

As a potential risk, if the number of orders received is significantly reduced due to unforeseen circumstances, such as a change in the sales strategy or production structure of each automobile manufacturer, the timing of actual taxable income generated and the expected amount of taxable income may differ from the estimates due to a decline in profitability, and may have a material impact on the amount of deferred tax assets recognized in the consolidated financial statements for the following fiscal year and beyond.

Notes to Consolidated Balance Sheet

1. Pledged Assets and Collateral-related Liabilities

(1) Pledged Assets

Land	¥1,047 million
Buildings and structures	¥1,473 million
Machinery, equipment and vehicles	¥0 million
Total	¥2,520 million

(2) Collateral-related Liabilities

Short-term borrowings	¥7,373 million

2. Accumulated Depreciation of Property, Plant and Equipment	¥85,686 million

3. Commitment Line Agreement

The Company has entered into a commitment line agreement with our financing bank to secure the stability of our financial base and to procure working capital flexibly. The unborrowed balance, etc., under the commitment line agreement as of the end of the fiscal year under review are as follows.

Total amount under the commitment line agreement (yen)	¥4,500 million
Borrowing balance	¥ - million
Net amount	¥4,500 million

Total amount under the commitment line agreement (USD)	$90,000 thousand
Borrowing balance	$25,300 thousand
Net amount	$64,700 thousand

4. Notes Maturing at Period End

Notes maturing at the end of the period, etc., are treated as having been settled on the maturity date. Since the last day of the fiscal year under review fell on a holiday of financial institutions, the following notes maturing at the end of the period, etc., were treated as having been settled on the maturity date.

Notes receivable - trade	¥30 million
Notes payable - trade	¥765 million
"Other" in current liabilities	¥7 million

5. Contingent Liabilities

As the Group continues to operate in various countries around the world, it has been responding to tax audits by tax authorities in each country. At present, some of them involve a certain possibility of future losses. However, as it is difficult to reasonably estimate the amount of future losses, we don't recognize provisions for such losses.

Industria de Asiento Superior, S.A. de C.V. ("this company"), a Mexican subsidiary of TACHI-S CO., LTD., received a notice of reassessment from the Mexican tax authority (dated October 26, 2023) ordering the payment of 371 million Mexican pesos (about 3.1 billion yen) in connection with transactions related to the outsourcing of development to a group company in FY2016.

As we believe this tax is unreasonable and contrary to Mexican tax law and tax treaties, we filed an appeal contesting the reassessment with the authority, which is currently under review.

Notes to Consolidated Statement of Income

1. Impairment loss

Venue:	Purpose	Type	Impairment loss
TACHI-S Engineering U.S.A., Inc. (Michigan, U.S.A.)	Business assets	Buildings and structures	¥8 million
		Machinery, equipment and vehicles	¥28 million
		Other	¥0 million
TACHI-S Automotive Seating U.S.A., LLC (Tennessee, U.S.A.)	Business assets	Other	¥142 million
TF-METAL U.S.A., LLC (Kentucky, U.S.A.)	Business assets	Other	¥137 million

The Company categorizes its business activities into groups, and for its consolidated subsidiaries, the Company groups consolidated subsidiaries mainly on a company-by-company basis, taking into account the realities of each company's business. Idle assets are grouped by individual asset. For the fiscal year under review, the carrying amount of property, plant and equipment not expected to be used in the future of TACHI-S Engineering U.S.A. Inc., TACHI-S Automotive Seating U.S.A., LLC and TF-METAL U.S.A., LLC, which are overseas subsidiaries, was reduced to the recoverable amount and the reduction was recorded as an impairment loss.

2. Business Structure Improvement Cost

This is the expenses related to the restructuring of plants and business sites, including extra retirement bonus incurred in Latin America and North America and the relocation of fixed assets implemented in Latin America and Japan.

3. Loss on Liquidation of Subsidiary

This loss arose from the completion of the liquidation of TACHI-S Canada, Ltd., a consolidated subsidiary of the Company.

Notes to Consolidated Statements of Changes in Equity

1. Matters Concerning Total Number of Issued Shares

(Unit: shares)

Type of shares	Beginning of the fiscal year under review	Increase	Decrease	End of the fiscal year under review
Common shares	35,242,846	-	-	35,242,846

2. Matters Concerning Dividends of Surplus

(1) Matters Concerning Dividends of Surplus During Fiscal Year under Review

Resolution	Type of shares	Total amount of dividends	Dividends per share	Record date	Effective date
Board of Directors meeting on May 15, 2023	Common shares	¥1,273 million	¥36.8	March 31, 2023	May 31, 2023
Board of Directors meeting on November 10, 2023	Common shares	¥1,606 million	¥46.4	September 30, 2023	December 4, 2023

(Notes) 1. The total amount of dividends resolved at the Board of Directors meeting held on May 15, 2023, includes dividends of 13 million yen on the Company's shares held by the Director Stock Ownership Plan Trust and the Employee Stock Ownership Plan Trust.

2. The total amount of dividends as a result of the resolution of the Board of Directors meeting held on November 10, 2023, includes dividends of 15 million yen on the Company's shares held by the Director Stock Ownership Plan Trust and the Employee Stock Ownership Plan Trust.

(2) Of Dividends with Record Date Falling within Fiscal Year under Review, Those with Effective Date Scheduled for Following Fiscal Year

At the meeting of the Board of Directors on May 15, 2024, matters concerning a dividend on common shares are to be discussed as follows.

① Total amount of dividends ¥1,606 million
② Dividend per share ¥46.4
③ Record Date March 31, 2024
④ Effective Date June 4, 2024

The Company plans to use retained earnings as the source of dividends. Such total amount of dividends includes dividends of 15 million yen on the Company's shares held by the Director Stock Ownership Plan Trust and the Employee Stock Ownership Plan Trust.

Notes on Financial Instruments

1. Matters Concerning Status of Financial Instruments

The Group invests funds in highly secure financial assets. The Group procures funds mainly through borrowings from banks.

For customer credit risk assessment for notes and accounts receivable, the sales division monitors the status of major customers on a regular basis, ascertains collections and balances for each customer, and promptly identifies concerns about collectability due to deterioration in their financial conditions, etc. As for securities, the risk is minimal because of investment in highly secure financial assets. Investment securities we hold are mainly shares of companies with which we have a business relationship, and we assess the fair value, financial conditions and other factors of issuers on a regular basis and report such fair value to the Board of Directors.

Of the borrowings, short-term borrowings are aimed mainly at financing business transactions, and long-term borrowings are aimed mainly at financing capital investments. All long-term borrowings are at a fixed interest rate and there is no risk of fluctuations in the interest rate payable.

For derivative transactions, we carry out forward foreign exchange transactions as necessary to mitigate risks from fluctuations in foreign exchange rates related to import transactions in the ordinary course of business and foreign currency-denominated loans within the Group, and does not carry out speculative transactions. We conduct and manage these transactions after considering the necessity and obtaining internal approval.

2. Matters Concerning Fair Value, etc., of Financial Instruments

The amount reported on the consolidated balance sheet, the fair value, and the difference between them as of March 31, 2024 (the consolidated closing date of the fiscal year under review) are as follows. Shares without market price, etc., are not included in the table below (see Note 2).

(Million yen)

	Amount reported on the consolidated balance sheet	Fair value	Difference
Investment securities			
Other securities	7,624	7,624	-

(Note) 1. Method for calculating the fair value of financial instruments and matters concerning securities
“Cash and deposits,” “Notes receivable,” “Accounts receivable,” “Notes and accounts payable,” “Short-term borrowings,” and “Income taxes payables” are omitted because they are in cash and their fair values approximate their book values as they are settled in a short term.

(Note) 2. Shares without market price, etc., and investments in limited partnerships are not included in "Investment securities." Shares without market price, etc., include unlisted shares, etc., and are not subject to fair value disclosure in accordance with paragraph 5 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (Guidance No. 19, revised as of March 31, 2020). Investments in limited partnerships are not subject to fair value disclosure in accordance with paragraphs 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (Guidance No. 31, revised as of June 17, 2021). The amounts of these financial instruments reported on the consolidated balance sheet are as follows. Note that unlisted shares include shares of subsidiaries and affiliates.

Category	Amount reported on the consolidated balance sheet (million yen)
Unlisted shares	4,748
Limited partnerships	42

3. Matters Concerning Breakdown of Fair Value of Financial Instruments by Level, etc.

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate the fair value.

Level 1 fair value: Fair value calculated based on quoted prices in active markets for identical assets or liabilities subject to such fair value calculations as one of the inputs to the calculation of observable fair value

Level 2 fair value: Fair value calculated using inputs to the calculation of observable fair value other than Level 1 inputs

Level 3 fair value: Fair value calculated using inputs to the calculation of unobservable fair value

When multiple inputs that have a significant impact on the fair value are used, the fair value is classified into the level of the lowest-priority input used in the calculation of fair value.

(1) Financial Assets and Liabilities Reported on Consolidated Balance Sheet at Fair Value

Category	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Shares	7,624	-	-	7,624
Other	-	42	-	42
Total assets	7,624	42	-	7,667

(2) Financial Liabilities Not Reported on Consolidated Balance Sheet at Fair Value

None.

(Note) Explanation of valuation techniques used in the calculation of fair value and inputs to the calculation of fair value

Securities and investment securities

Listed shares are valued at quoted prices. As listed stocks are traded in active markets, their fair value is classified as Level 1 fair value. Others are classified as Level 2 fair value as they are based on prices quoted by financial institutions, etc.

Notes on Revenue Recognition

1. Breakdown of Revenue Arising from Contracts with Customers

(Million yen)

	Reportable segment						
	Japan	North America	Latin America	Europe	China	Southeast Asia	Total
Net sales Revenue arising from contracts with customers	125,093	54,587	91,175	0	19,066	3,025	292,947
Net sales to external customers	125,093	54,587	91,175	0	19,066	3,025	292,947

2. Information for Understanding Amount of Revenue For Fiscal Year under Review and Subsequent Fiscal Years

(1) Balance of Contract Assets and Contract Liabilities, etc.

(Million yen)

	Fiscal year under review
Receivables arising from contracts with customers (beginning balance)	46,635
Receivables arising from contracts with customers (ending balance)	46,691

(2) Transaction Price Allocated to Remaining Performance Obligations

Since there are no material transactions with an initially expected contract term of more than one year, we apply the practical expedient method and omit information on the remaining performance obligations.

Notes on Rental Real Properties, etc.

1. Matters Concerning Status of Rental Real Properties, etc.

The Company owns commercial facilities (including land) for rent in Tokyo.

2. Matters Concerning Fair Value, etc., of Rental Real Properties

(Million yen)

Amount reported on the consolidated balance sheet	Fair value
140	828

(Note) 1. The amount reported on the consolidated balance sheet is the acquisition cost minus the accumulated depreciation.
(Note) 2. The fair value is the amount calculated mainly based on the fixed asset tax valuation.

Notes on Per Share Information

Net assets per share	2,618.84 yen
Net income per share	158.25 yen

(Note) 1. The basis for calculating net income per share is as below.

Net income attributable to owners of parent	¥5,422 million
Amount not attributable to common shareholders	¥ - million
Net income attributable to owners of parent related to common shares	¥5,422 million
Average number of shares of common shares during the period	34,267,169 shares

(Note) 2. The Company has the Director Stock Ownership Plan Trust and the Employee Stock Ownership Plan Trust. Shares of the Company remaining in the trusts recorded as treasury stock in shareholders' equity are, in calculation of net income per share, incleauded in treasury stock to be deducted in the calculation of the average number of shares during the period, and in calculation of net assets per share, included in the number of treasury stock shares to be deducted from the total number of outstanding shares at the end of the period. The average number of shares held in the trusts during the period and the number of shares held in the trusts at the end of the period for the fiscal year under review are as follows.

- Director Stock Ownership Plan Trust: The average number of shares during the period is 68,553, and the number of shares at the end of the period is 61,400.
- Employee Stock Ownership Plan Trust: The average number of shares during the period is 277,428, and the number of shares at the end of the period is 270,698.

Other Notes

1. Introduction of Performance-linked Stock Compensation System

(1) Director Stock Ownership Plan Trust

The Company has introduced a stock compensation system for Directors (excluding Outside Directors and non-executive Directors; hereinafter the same) using the Company's shares based on the resolution of the 66 Annual General Meeting of Shareholders held on June 22, 2018 (“this system”).

The accounting procedures for this system are in accordance with the Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc., through Trusts (PITF No. 30, revised as of March 26, 2015).

① System Overview

This system is a stock compensation system in which a trust established by the Company through a monetary contribution (“this trust") acquires the Company's shares, and each Director is granted a number of the Company's shares through this trust equivalent to the number of points given to each Director in accordance with the Company’s Regulations for the Delivery of Shares to Directors.

As a general rule, the timing at which Directors are granted the Company’s shares shall be upon their leaving the position of Director.

② Shares of the Company Remaining in Trust

Shares of the Company remaining in this trust are recorded as treasury stock in the net assets section at the book value in this trust (excluding the amount of incidental expenses). The book value and the number of shares of such treasury stock at the end of the fiscal year under review were 97 million yen and 61,400 shares.

(2) Employee Stock Ownership Plan Trust

The Company has introduced a stock compensation system for employees who meet certain requirements using the Company's shares based on the resolution of the Board of Directors on August 9, 2018 (“this system”).

The accounting procedures for this system are in accordance with the Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc., through Trusts (PITF No. 30, revised as of March 26, 2015).

① System Overview

This system is a stock compensation system in which a trust established by the Company through a monetary contribution (“this trust") acquires the Company's shares, and each employee is granted a number of the Company's shares through this trust equivalent to the number of points given to each employee in accordance with the Company’s Regulations for the Delivery of Shares to Executive Officers, etc.

As a general rule, the timing at which employees are granted the Company’s shares shall be upon their retirement.

② Shares of the Company Remaining in Trust

Shares of the Company remaining in this trust are recorded as treasury stock in the net assets section at the book value in this trust (excluding the amount of incidental expenses). The book value and the number of shares of such treasury stock at the end of the fiscal year under review were 437 million yen and 270,698 shares.

2. Transfer of Material Assets

The Company resolved to transfer fixed assets at the meeting of the Board of Directors held on October 26, 2023, and concluded a real estate sales contract as of October 30, 2023.

(1) Reasons for Transfer

The Company has been working to improve its earnings structure by restructuring plants and business sites, enhancing logistics efficiency, etc., based on the Medium-term Management Plan announced in May 2021. As part of this effort, the Company is to transfer the following assets.

(2) Details of Transferred Assets

Location	3-3-7 Matsubara-cho, Akishima-shi, Tokyo
Type of asset	Land and buildings
Use before transfer	Warehouses and archives (former headquarters)

Location	2-13-18 Matsubara-cho, Akishima-shi, Tokyo
Type of asset	Land and buildings
Use before transfer	Headquarters of TACHI-S H&P Co., Ltd.

Location	2-3644-2 Matsubara-cho, Akishima-shi, Tokyo
Type of asset	Land
Use before transfer	Monthly parking lot

(3) Date of Transfer

① Resolution date of the Board of Directors	October 26, 2023
② Contract execution date	October 30, 2023
③ Delivery date of the property	From May 15 to 31, 2024 (planned)

(4) Transfer Price

The transfer price is not disclosed in accordance with the transferee's intention.

(5) Overview of the Transferee

The transferee is a domestic corporation, but is not disclosed in accordance with their intention. There are no capital, human or business relationships to be specifically noted between the transferee and the Company. The transferee is not a related party of the Company.

(6) Impact on Results

The above transfer of fixed assets has no impact on the consolidated results for the fiscal year ended March 2024. In the fiscal year ending March 2025, we expect to record an estimated gain on sales of fixed assets of approximately 1,330 million yen as extraordinary income.

The headquarters of TACHI-S H&P Co., Ltd. is scheduled to be relocated to 1-2 Suehiro-cho, Ome-shi, Tokyo.

*Amounts less than 1 million yen are rounded down.

Non-consolidated Statements of Changes in Equity

(From April 1, 2023 to March 31, 2024)

(Million yen)

	Shareholders' equity					
		Capital surplus			Retained earnings	
	Capital	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings
						Reserve for reduction entry
Balance as of April 1, 2023	9,040	8,592	12	8,604	480	19
Changes during the fiscal year						
Dividends of surplus						
Net income						
Reversal of reserve for tax purpose reduction entry						(0)
Purchase of treasury shares						
Disposal of treasury shares						
Net changes in items other than shareholders' equity						
Total changes during the fiscal year	-	-	-	-	-	(0)
Balance as of March 31, 2024	9,040	8,592	12	8,604	480	19

(Million yen)

	Shareholders' equity					Valuation and translation adjustments		Total net assets
	Retained earnings			Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Other retained earnings		Total retained earnings					
	General reserve	Retained earnings brought forward						
Balance as of April 1, 2023	15,000	20,647	36,148	(1,426)	52,366	629	629	52,996
Changes during the fiscal year								
Dividends of surplus		(2,879)	(2,879)		(2,879)			(2,879)
Net income		5,902	5,902		5,902			5,902
Reversal of reserve for tax purpose reduction entry		0	-		-			-
Purchase of treasury shares				(0)	(0)			(0)
Disposal of treasury shares				57	57			57
Net changes in items other than shareholders' equity						1,248	1,248	1,248
Total changes during the fiscal year	-	3,022	3,022	57	3,080	1,248	1,248	4,329
Balance as of March 31, 2024	15,000	23,670	39,170	(1,368)	55,447	1,878	1,878	57,325

Notes to Non-consolidated Financial Statements

Notes on Matters Concerning Important Accounting Policies

1. Standards and Methods for Valuation of Assets

(1) Standards and Methods for Valuation of Securities

① Shares of subsidiaries and affiliated companies	Cost method based on the weighted-average method
② Other securities	
Those other shares without market price, etc.	Fair value method The entire amount of valuation differences are inserted directly into net assets, and the cost of sale is calculated using the weighted-average method.)
Shares without market price, etc.	Cost method based on the weighted-average method

(2) Standards and Methods for Valuation of Inventories

① Finished goods, work in process (mass-produced products), and raw materials	Cost method based on the weighted-average method Amount shown on balance sheet is calculated by writing down based on declines in profitability)
② Other products and work in process	Cost method based on the specific identification method Amount shown on balance sheet is calculated by writing down based on declines in profitability)
③ Supplies	Last purchase cost method

2. Depreciation Method for Non-current Assets

(1) Property, Plant and Equipment

Declining balance method

However, the straight-line method is applied to the buildings (excluding facilities) acquired on or after April 1, 1998, and to the facilities attached to buildings and the structures acquired on or after April 1, 2016.

(2) Intangible Assets

Straight-line method

The straight-line method based on the internal use period (5 years) is applied to software (for internal use).

(3) Long-term Prepaid Expenses

Straight-line method

3. Standards for Recognition of Allowances

(1) Allowance for Doubtful Accounts

To record an estimated unrecoverable amount from possible losses on unrecoverable receivables, the historical default rate is used for general receivables, and the possibility of collection for each individual account is examined for specific receivables with concerns of recoverability.

(2) Provision for Bonuses for Officers

To prepare for the bonuses to be paid to officers subject to approval at the annual general meeting of shareholders, the amount based on the estimated amount to be paid as of the fiscal year under review is recorded.

(3) Provision for Retirement Benefits (Prepaid Pension Expenses)

To make allowances for the payment of retirement benefits to employees and executive officers, provision for retirement benefits is recorded based on the estimated amount of retirement benefit obligations and that of pension assets as of the end of the fiscal year under review. In calculating retirement benefit obligations, the benefit calculation standard is used for attributing the estimated retirement benefit amount to the period up to the end of the fiscal year under review.

Past service costs are recorded as expenses with the straight-line method over a fixed number of years (10 years) within the average remaining service period of employees at the time such costs are incurred.

Actuarial gains and losses are treated as expenses in the fiscal year following the one in which they arise, in an amount proportionally divided using the straight-line method over a fixed number of years (10 years) within the average remaining service period of employees at the time the differences emerge each fiscal year.

(4) Provision for Share Payment

To prepare for the provision of shares based on the performance-linked stock compensation plan, the amount based on the estimated share payment obligations as of the end of the fiscal year under review is recorded.

4. Standards for Recognition of Revenue and Expenses

The details of the major obligations of the Company in its principal business with respect to revenue arising from its contracts with customers, and the ordinary point in time at which such obligations are satisfied (the ordinary point in time at which revenue is recognized) are as follows.

The principal business of the Company is the automotive seat business. In this business, we mainly manufacture and sell automotive seats, and recognize revenue from such sales when they are delivered to or accepted by our customers. Provided, however, that for domestic sales we recognize revenue at the time of shipment. The Company processes parts and raw materials purchased from clients ("Paid Supplies"), and sells finished goods to such clients at a price with the processing costs, etc., added to the purchase price ("Paid Supply Transaction"). In a case where the supplier of the Paid Supplies is substantially obligated to repurchase the same, the net processing costs, etc., of such transaction are recognized as revenue.

5. Other Important Matters as the Basis for Preparation of Financial Statements

Accounting for retirement benefits

The method of accounting for unrecognized actuarial gains and losses and unrecognized past service costs related to retirement benefits differs from the method used in the consolidated financial statements.

Notes on Accounting Estimates

Information on judgments made in the application of accounting policies that have a material impact on the amounts recognized in the financial statements is included in "Notes on Matters Concerning Important Accounting Policies." The items below involve assumptions that may cause significant changes in the following fiscal year, and require significant management decisions.

1. Item Name Representing Details of Accounting Estimate
   Recoverability of deferred tax assets
2. Amounts Recorded in Financial Statements for Fiscal Year under Review
   As stated in "Notes on Accounting Estimates" in the Notes to Consolidated Financial Statements.
3. Other Information that Contributes to Understanding of Accounting Estimates
   As stated in "Notes on Accounting Estimates" in the Notes to Consolidated Financial Statements.

Notes to Non-consolidated Balance Sheet

1. Pledged Assets and Collateral-related Liabilities

(1) Pledged Assets

Land	¥1,047 million
Buildings	¥1,473 million
Structures	¥0 million
Machinery and equipment	¥0 million
Total	¥2,520 million

(2) Collateral-related Liabilities

Short-term borrowings	¥3,073 million
Long-term borrowings payable within one year	¥4,300 million
Total	¥7,373 million

2. Accumulated Depreciation of Property, Plant and Equipment	¥26,160 million

3. Monetary Claims and Obligations to Affiliated Companies

Short-term monetary claims	¥10,042 million
Short-term monetary obligations	¥2,748 million

Items presented separately are excluded.

4. Commitment Line Agreement

The Company has entered into a commitment line agreement with our financing bank to secure the stability of our financial base and to procure working capital flexibly. The unborrowed balance, etc., under the commitment line agreement as of the end of the fiscal year under review are as follows.

Total amount under the commitment line agreement (yen)	¥4,500 million
Borrowing balance	¥ - million
Net amount	¥4,500 million

Total amount under the commitment line agreement (USD)	$90,000 thousand
Borrowing balance	$25,300 thousand
Net amount	$64,700 thousand

5. Notes Maturing at Period End

Notes maturing at the end of the period, etc., are treated as having been settled on the maturity date. Since the last day of the fiscal year under review fell on a holiday of financial institutions, the following notes maturing at the end of the period, etc., are treated as having been settled on the maturity date.

Electronically recorded obligations	¥765 million
Notes payable - equipment	¥7 million

Notes to Non-consolidated Statement of Income

1. Transactions with Affiliated Companies

Net sales	¥1,937 million
Purchases	¥20,387 million
Other operating expenses	¥645 million
Non-operating transactions	¥6,570 million

2. Other Notes

Business Structure Improvement Cost

Notes to this cost are omitted because the same information is stated in “Notes to Consolidated Statement of Income” in the Notes to Consolidated Financial Statements.

Notes to Non-consolidated Statements of Changes in Equity

1. Matters Concerning Number of Treasury Shares

(Unit: shares)

Type of shares	Beginning of the fiscal year under review	Increase	Decrease	End of the fiscal year under review
Common shares	997,882	35	36,100	961,817

(Note) 1. Breakdown of increase in treasury shares
Purchase of shares of less than one unit 35 shares
2. Breakdown of decrease in treasury shares
Sale and delivery through the Director Stock Ownership Plan Trust and the Employee Stock Ownership Plan Trust 36,100 shares
3. Of the treasury shares as of the end of the fiscal year under review, 332,098 shares are held by the Director Stock Ownership Plan Trust and the Employee Stock Ownership Plan Trust.

2. Matters Concerning Transactions to Deliver Shares of the Company to Employees, etc., Through Trust

① The number of shares of the Company held by the trusts that is included in the number of treasury shares at the beginning and end of the fiscal year under review

Beginning of the fiscal year under review 368,198 shares End of the fiscal year under review 332,098 shares

② The number of shares of the Company acquired, sold or delivered by the trusts that is included in the increase or decrease in the number of treasury shares during the fiscal year under review

Increase - shares Decrease 36,100 shares

③ The amount of dividends on the shares of the Company held by the trusts that is included in the total amount of dividends

¥28 million

Notes on Tax Effect Accounting

Breakdown of the main causes of deferred tax assets and deferred tax liabilities

Deferred tax assets

Accrued business tax payable, currently not deductible	¥41 million
Accrued bonus payable, currently not deductible	¥395 million
Loss on valuation of shares of subsidiaries and affiliates, currently not deductible	¥357 million
Loss on valuation of investments in capital of subsidiaries and affiliates, currently not deductible	¥3,089 million
Amount exceeding the maximum amount of provision of allowance for doubtful accounts	¥1,147 million
Impairment loss, currently not deductible	¥386 million
Other	¥336 million
Subtotal of deferred tax assets	¥5,754 million
Valuation reserve	¥(5,248) million
Total deferred tax assets	¥506 million
Offset against deferred tax liabilities	¥(506) million
Net deferred tax assets	¥ - million

Deferred tax liabilities

Prepaid pension cost	¥(155) million
Reserve for reduction entry	¥(8) million
Valuation difference on available-for-sale securities	¥(824) million
Other	¥(19) million
Total deferred tax liabilities	¥(1,008) million
Offset against deferred tax assets	¥506 million
Net deferred tax liabilities	¥(502) million

Notes on Transactions with Related Parties

Subsidiaries

Type	Name of the company, etc.	Ownership (owned) ratio of voting rights, etc.	Relationship with related party	Transaction details	Transaction amount (million yen)	Item	Ending balance (million yen)
Subsidiaries	Nui Tec Corporation	Directly owned 100%	Production of parts for the Company's products, supply of parts, etc. Concurrent officers	Entrusted fund management	2,675	Short-term borrowings from subsidiaries and affiliates	282
	TACHI-S Automotive Seating U.S.A., LLC	Indirectly owned 100%	Supply of parts, technical support, loan of funds, etc. Concurrent officers	Loan of funds (Notes) 2, 3	-	Loans receivable	3,709
				Receipt of interest (Note) 3	155	Accrued interest receivable	18
				Sales (Note) 3	45	Accounts receivable	5
	TF-METAL Mexico, S.A. de C.V.	Indirectly owned 100%	Supply of parts, technical support, loan of funds, etc. Concurrent officers	Loan of funds (Note) 2	891	Loans receivable	3,597

Transaction Conditions, Policy for Determining Transaction Conditions, etc.

(Note) 1. Transaction conditions and method for determining transaction conditions

(1) For the purchase of parts, etc., the Company provides quotation conditions (specifications, etc.) and negotiates prices based on the quotation provided by each company.

(2) Interest rates for fund management are determined reasonably by taking into account market interest rates.

2. Interest rates for loans to and borrowings from subsidiaries are determined reasonably by taking into account market interest rates.

3. Loans receivable, accounts receivable and accrued interest receivable from TACHI-S Automotive Seating U.S.A., LLC were recorded as allowance for doubtful accounts of 3,733 million yen in the fiscal year under review.

Notes on Revenue Recognition

Notes on revenue recognition are omitted because the same information is stated in "Notes on Revenue Recognition" in the Notes to Consolidated Financial Statements.

Notes on Per Share Information

Net assets per share	¥1,672.23
Net income per share	¥172.25

(Note) 1. The basis for calculating net income per share is as below.

Net income	¥5,902 million
Amount not attributable to common shareholders	¥ - million
Net income related to common shares	¥5,902 million
Average number of shares of common shares during the period	34,267,169 shares

(Note) 2. The Company has the Director Stock Ownership Plan Trust and the Employee Stock Ownership Plan Trust. Shares of the Company remaining in the trusts recorded as treasury stock in shareholders' equity are, in calculation of net income per share, included in treasury stock to be deducted in the calculation of the average number of shares during the period, and in calculation of net assets per share, included in the number of treasury stock shares to be deducted from the total number of outstanding shares at the end of the period. The average number of shares held in the trusts during the period and the number of shares held in the trusts at the end of the period for the fiscal year under review are as follows.

- Director Stock Ownership Plan Trust: The average number of shares during the period is 68,553, and the number of shares at the end of the period is 61,400.
- Employee Stock Ownership Plan Trust: The average number of shares during the period is 277,428, and the number of shares at the end of the period is 270,698.

Other Notes

1. Introduction of Performance-linked Stock Compensation System

(1) Director Stock Ownership Plan Trust

The Company has introduced a stock compensation system for Directors (excluding Outside Directors and non-executive Directors; hereinafter the same) using the Company's shares based on the resolution of the 66 Annual General Meeting of Shareholders held on June 22, 2018 (“this system”).

The accounting procedures for this system are in accordance with the Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc., through Trusts (PITF No. 30, revised as of March 26, 2015).

① System Overview

This system is a stock compensation system in which a trust established by the Company through a monetary contribution (“this trust") acquires the Company's shares, and each Director is granted a number of the Company's shares through this trust equivalent to the number of points given to each Director in accordance with the Company’s Regulations for the Delivery of Shares to Directors.

As a general rule, the timing at which Directors are granted the Company’s shares shall be upon their leaving the position of Director.

② Shares of the Company Remaining in Trust

Shares of the Company remaining in this trust are recorded as treasury stock in the net assets section at the book value in this trust (excluding the amount of incidental expenses). The book value and the number of shares of such treasury stock at the end of the fiscal year under review were 97 million yen and 61,400 shares.

(2) Employee Stock Ownership Plan Trust

The Company has introduced a stock compensation system for employees who meet certain requirements using the Company's shares based on the resolution of the Board of Directors on August 9, 2018 (“this system”).

The accounting procedures for this system are in accordance with the Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc., through Trusts (PITF No. 30, revised as of March 26, 2015).

① System Overview

This system is a stock compensation system in which a trust established by the Company through a monetary contribution (“this trust") acquires the Company's shares, and each employee is granted a number of the Company's shares through this trust equivalent to the number of points given to each employee in accordance with the Company’s Regulations for the Delivery of Shares to Executive Officers, etc.

As a general rule, the timing at which employees are granted the Company’s shares shall be upon their retirement.

② Shares of the Company Remaining in Trust

Shares of the Company remaining in this trust are recorded as treasury stock in the net assets section at the book value in this trust (excluding the amount of incidental expenses). The book value and the number of shares of such treasury stock at the end of the fiscal year under review were 437 million yen and 270,698 shares.

2. Transfer of Material Assets

The Company resolved to transfer fixed assets at the meeting of the Board of Directors held on October 26, 2023, and concluded a real estate sales contract as of October 30, 2023.

(1) Reasons for Transfer

The Company has been working to improve its earnings structure by restructuring plants and business sites, enhancing logistics efficiency, etc., based on the Medium-term Management Plan announced in May 2021. As part of this effort, the Company is to transfer the following assets.

(2) Details of Transferred Assets

Location	3-3-7 Matsubara-cho, Akishima-shi, Tokyo
Type of asset	Land and buildings
Use before transfer	Warehouses and archives (former headquarters)

Location	2-3644-2 Matsubara-cho, Akishima-shi, Tokyo
Type of asset	Land
Use before transfer	Monthly parking lot

(3) Date of Transfer

① Resolution date of the Board of Directors	October 26, 2023
② Contract execution date	October 30, 2023
③ Delivery date of the property	From May 15 to 31, 2024 (planned)

(4) Transfer Price

The transfer price is not disclosed in accordance with the transferee's intention.

(5) Overview of the Transferee

The transferee is a domestic corporation, but is not disclosed in accordance with their intention. There are no capital, human or business relationships to be specifically noted between the transferee and the Company. The transferee is not a related party of the Company.

(6) Impact on Results

The above transfer of fixed assets has no impact on the results for the fiscal year ended March 2024. In the fiscal year ending March 2025, the Company expects to record an estimated gain on sales of fixed assets of approximately 790 million yen as extraordinary income.

*Amounts less than 1 million yen are rounded down.