

FY2023 Second Quarter Financial Result

From April 1 through March 31, 2023

TACHI-S CO.,LTD.

November 24, 2023



Securities Code: 7239 (Tokyo/Prime)

Hello, everyone. I am Yamamoto, President of the company.

First of all, thank you for taking the time out of your busy schedule to attend our company's financial results briefing for the second quarter of the fiscal year ending March 2024.

Firstly, I would like to express my sincere gratitude to all of our stakeholders for their understanding of various activities our company is going ahead with amid the business environment in which there are still many uncertainties with the possible impact on global vehicle sales of the prolonged high interest rate, sluggish sales of Japanese OEMs in China

Today, I will explain our financial results about the first-half of the fiscal year and the financial forecast for full-year. and the progress of our medium-term management plan, Transformative Value Evolution.

Company Name	: TACHI-S CO., LTD.
Corporate Headquarters	: 1-3-1, Suehiro-cho, Oume-shi, Tokyo
Date of Establishment	: April, 1954
Paid-in Capital	: 9.04 billion yen
Net Sales	: 243.4 billion yen (Consolidated) (Fiscal Year Ended March 31, 2023)
Number of Employees	: 10,556 (Consolidated) (As of March 31, 2023)
Stock Exchange Listing	: Tokyo / Prime Market (Securities Code: 7239)
Business Contents	: Manufacturing of automotive seats

Here is corporate overview of our company.

- FY2023 Q2 Results**
- FY2023 Financial Forecast
- Progress of the Medium-Term Management Plan (TVE*)
- Shareholder Return
- Activity Report

※Transformative Value Evolution

I will explain the 5 points as shown here.

First, I would like to explain the results for the second quarter of the fiscal year ending March 2024.

2Q results (consolidated)



Compared to last term		Unit: billion yen (Rounded down to 0.1 billion yen)		
	22/09	23/09	Change	Change (%)
Sales	107.9	137.7	29.8	27.6
Operating profit	-4.3	1.7	6.1	—
Ordinary profit or loss	-3.9	1.8	5.7	—
Quarterly profit or loss attributable to owners of parent company	0.1	1.2	1.1	669.8

<Overview of financial results for period to September>

- ◆ Sales amount rose on the back of sales recovery in Japan, U.S. and Latin America and the impact of foreign currency translation adjustments due to the depreciation of the yen in comparison with the same period last year despite sales downfall in gasoline-powered model in China
- ◆ Operating profit posted the black mainly because of revenue increase and contributions from rationalization efforts including fixed cost reduction.
- ◆ Quarterly net income increased compared with the same period last year although the amount of change from the same period of the previous year was smaller due to the recording of an extraordinary profit from the sale of real estate in the same period of the previous year

3/33

Sales for the second quarter of the fiscal year 2024 were 137.7 billions yen, increasing by 29.8 billion yen over the same period last year.

Operating profit recorded 1.7 billion yen, showing an increase of 6.1 billion yen.

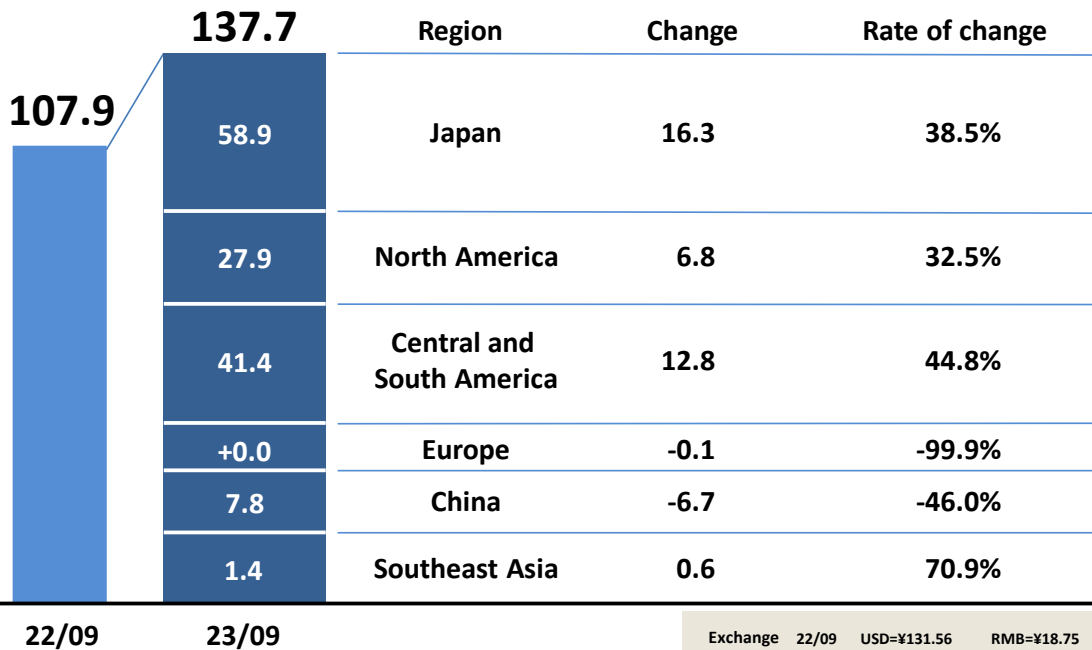
The overview of financial results is as shown, and I will explain the details over the following pages.

Reasons for change in performance (consolidated)

Compared to last term

Sales

Unit: billion yen
(Rounded down to 0.1 billion yen)



4/33

In terms of sales, we saw a solid recovery in sales in Japan, North America and Central and South America although we suffered from sales decline in sales of Japanese OEMs in China

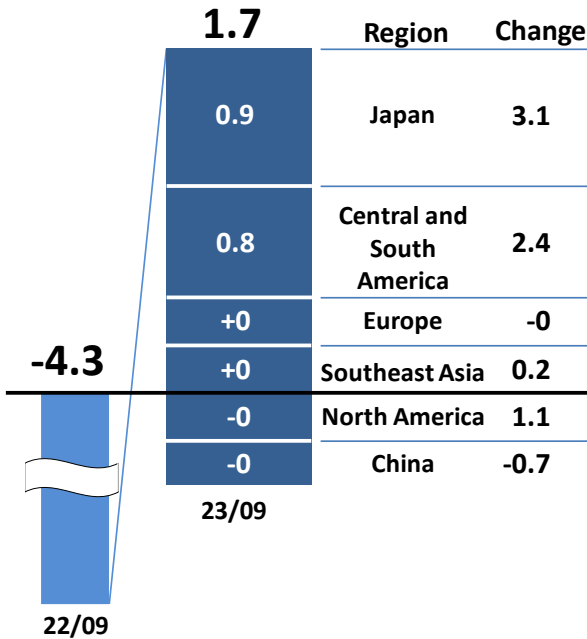
In addition, the effect of the foreign currency translation adjustment caused by the yen's depreciation also contributed to an overall recovery in sales.

Reasons for change in performance (consolidated)

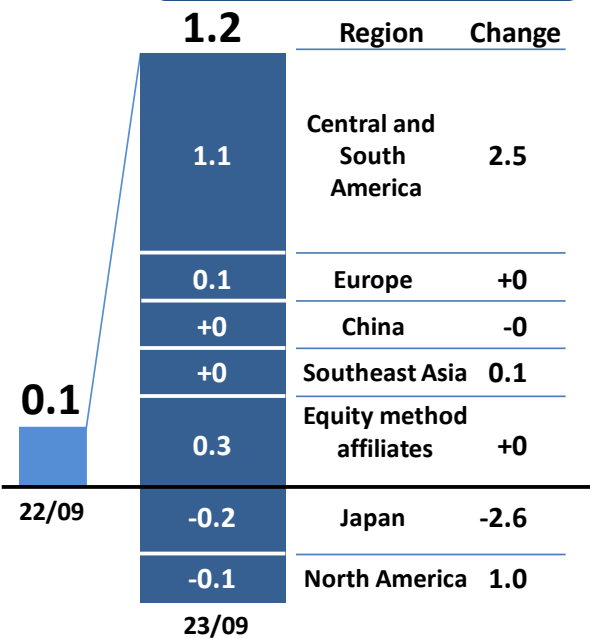
Compared to last term

Unit: billion yen
(Rounded down to 0.1 billion yen)

Operating profit and loss



Net profit or loss attributable to owners of parent



5/33

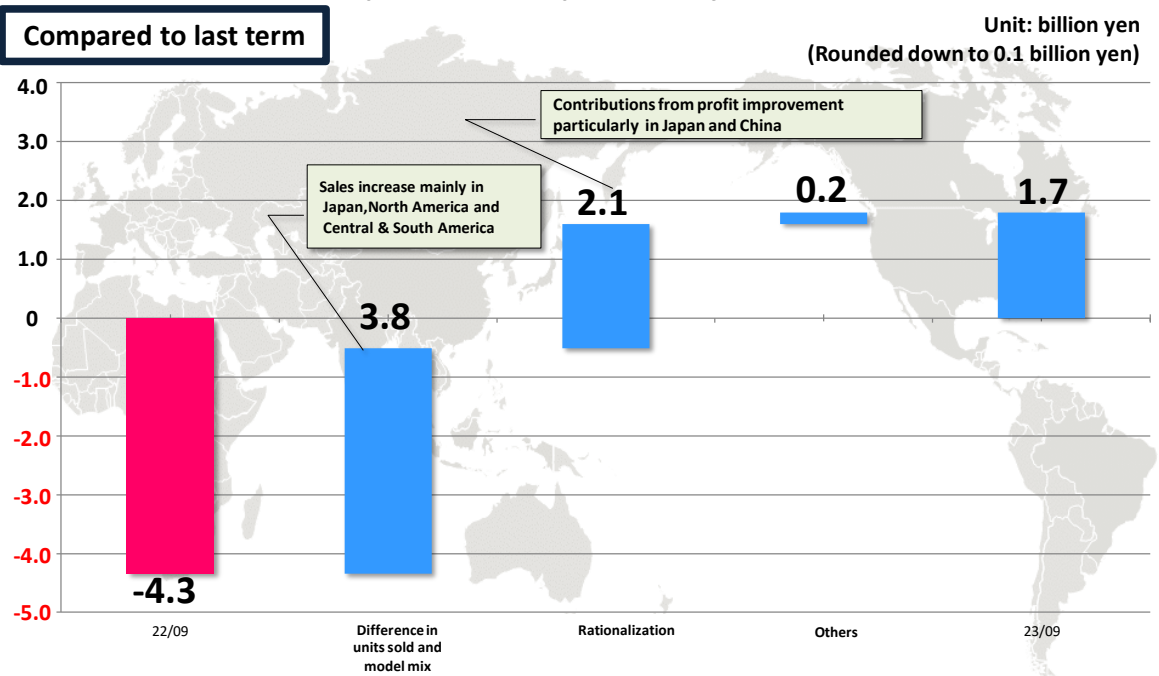
Operating profit turned the black in all the regions except for China.
I will explain the reason for the change in the following page.

In terms of quarterly profit or loss attributable to owners of parent company, we saw a slight decrease in Japan. This is because we recorded the special gain associated with the sale of fixed asset last year as part of our restructuring effort to optimize plants and office locations.

Increase/decrease factor analysis of operating profit and loss (consolidated)

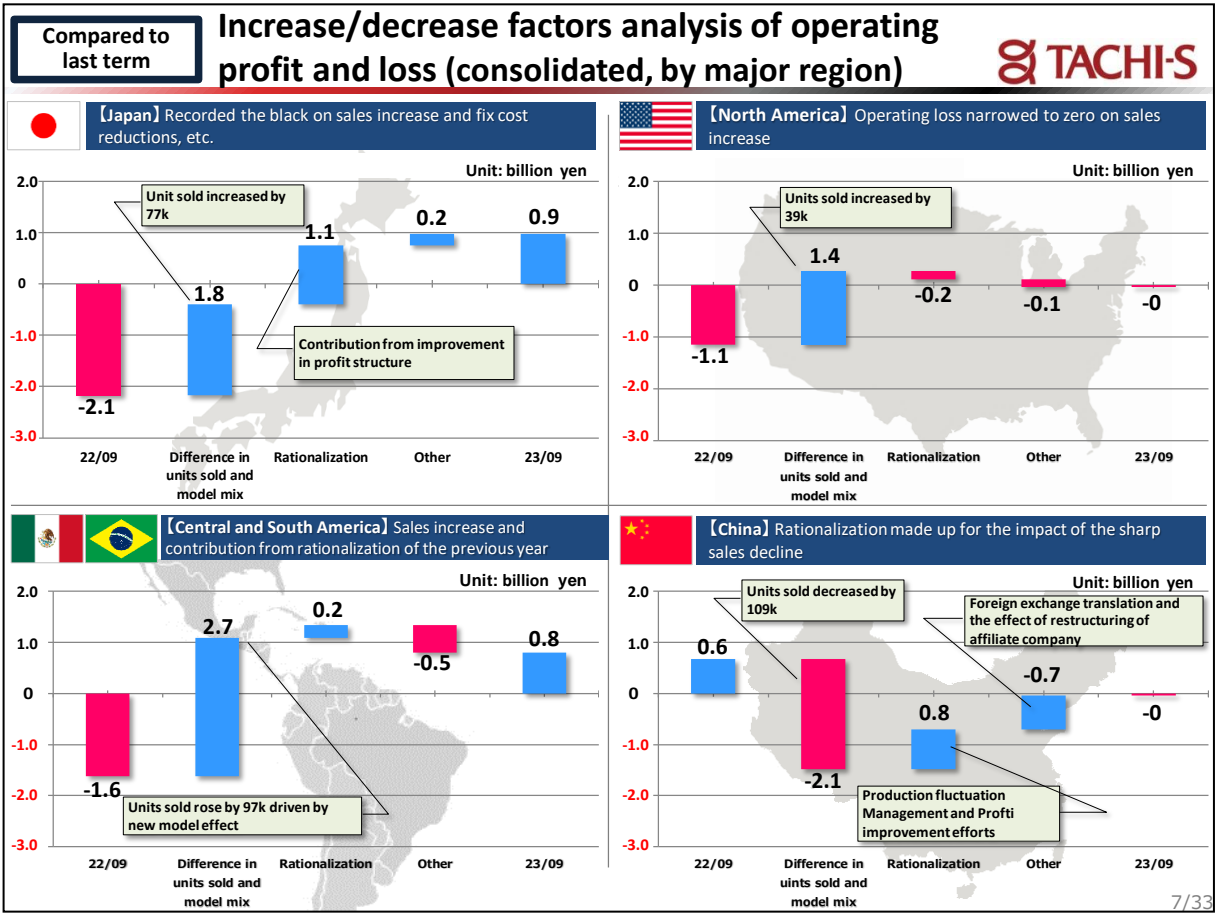


Operating profit posted the black on the back of sales recovery except for China and contributions from improvement in profitability structure



6/33

Operating profit and loss posted the black due to sales recovery in main regions excluding China and contribution brought about by profitability structure improvement efforts that began in the previous year.



In light of operating profit and loss by region, Japan posted the black because of sales increase and fixed cost reduction, etc.

North America showed a substantial improvement thanks to sales increase.

Strong sales supported by the new cars combined with the effect of rationalization initiated last year to boost operating profit for Central and South America to the black.

China, severely affected by slow sales of Japanese OEMs, stepped up its rationalization efforts to minimize the negative impact.

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※ Transformative Value Evolution

I will explain our financial forecast for the fiscal year ending March 2024.

Full year forecast (consolidated)



Compared to last term

Unit: billion yen
(Rounded down to 0.1 billion yen)

	23/03	24/03	Change	Change(%)
Sales	243.4	291.0	47.5	19.5
Operating profit	1.3	6.0	4.6	338.5
Ordinary profit or loss	1.9	6.5	4.5	229.2
Quarterly profit or loss attributable to owners of parent company	5.8	0.8	-5.0	—

< Overview of financial results for period to March 2024 >

- ◆ Sales are expected to increase from the previous year in consideration of continued sluggish sales of gasoline-powered vehicles in the China and sales recovery in Japan and Central and South America.
- ◆ Operating profit is expected to increase based on higher sales, the effect of improvement in profitability structure, and ongoing efforts to manage production cutbacks in China.
- ◆ Net income is expected to decrease from the previous year due to the recording of an extraordinary gain from the sale of real estate in the previous year and an extraordinary loss for additional business restructuring to be booked in the current year.

9/33

On our financial forecast for the fiscal year ending March 2024, sales and operating profit are expected to post 291.0 billion yen and 6.0 billion yen respectively, representing a rise in both sales and operating profit compared with the last year.

Net income for the year attributable to the owners of parent company is forecast to show a decline in relation to the last year because of the special loss in the amount of 3.5 billion yen planned to be incurred in the fiscal year.

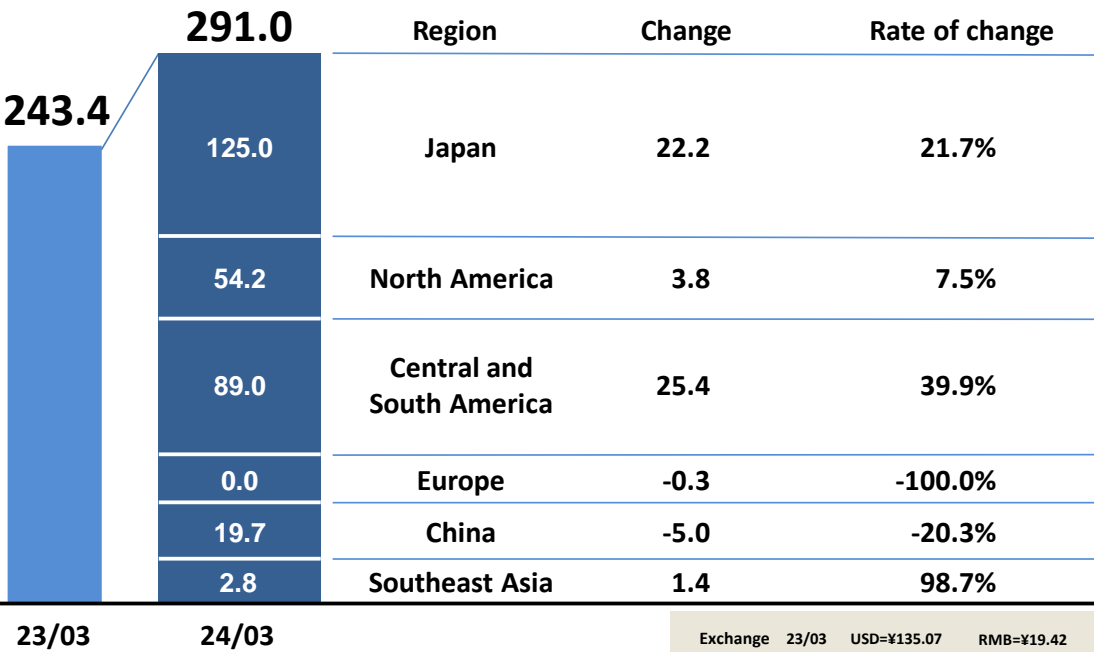
The overview of financial forecast is as shown, and I will explain the details in the following pages.

Reasons for change in performance (consolidated) 

Compared to last term

Sales

Unit: billion yen
(Rounded down to 0.1 billion yen)



10/33

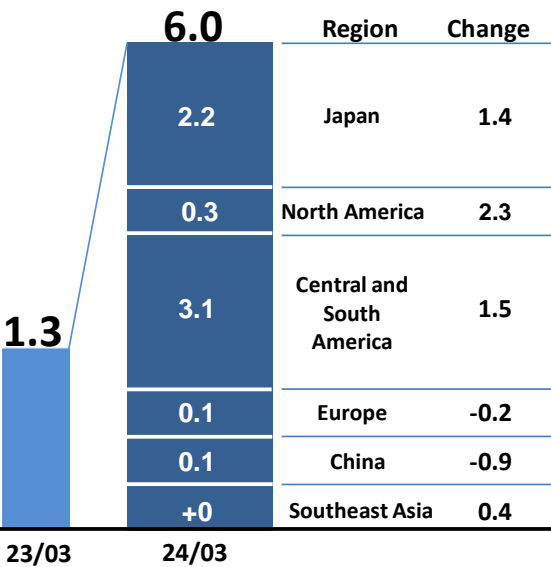
Sales are forecast to increase over the same period last year on the back of the on-going sales recovery and the foreign currency transaction gain in the same way we have seen until the second quarter ended September.

Factors in the changes in forecast (consolidated)

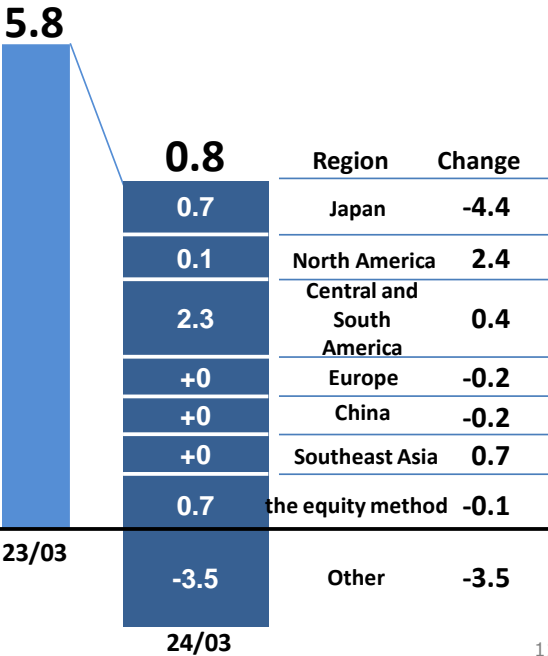
Compared to last term

Unit: billion yen
(Rounded down to 0.1 billion yen)

Operating profit and loss



Net profit or loss attributable to owners of parent



11/33

Operating profit and loss is forecast to post the black for all the regions, and I will explain what is involved over the next pages.

Net income for the year attributable to the owners of parent company is expected to show a decline in relation to the last year because of the special loss of 3.5 billion yen to be recorded in the fiscal year.

Increase/decrease factor analysis of operating profit and loss (consolidated)

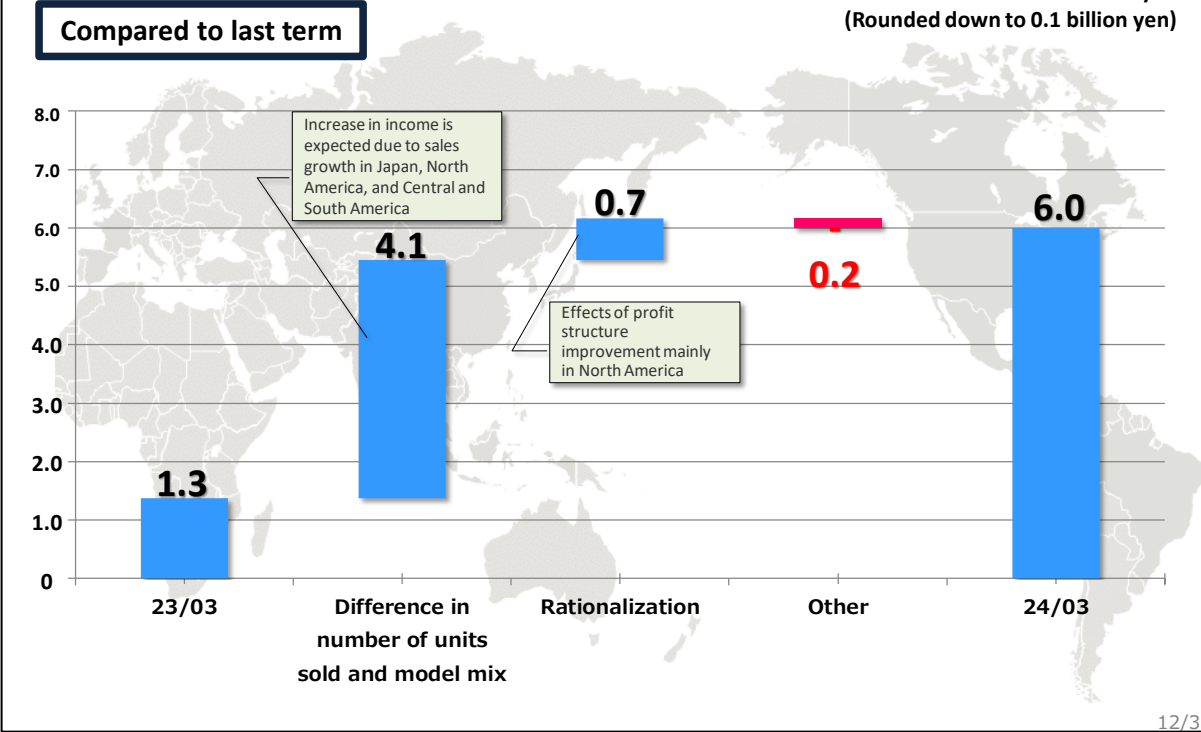


Operating profit is expected to grow on sales increases in Japan, North America, and Central and South America

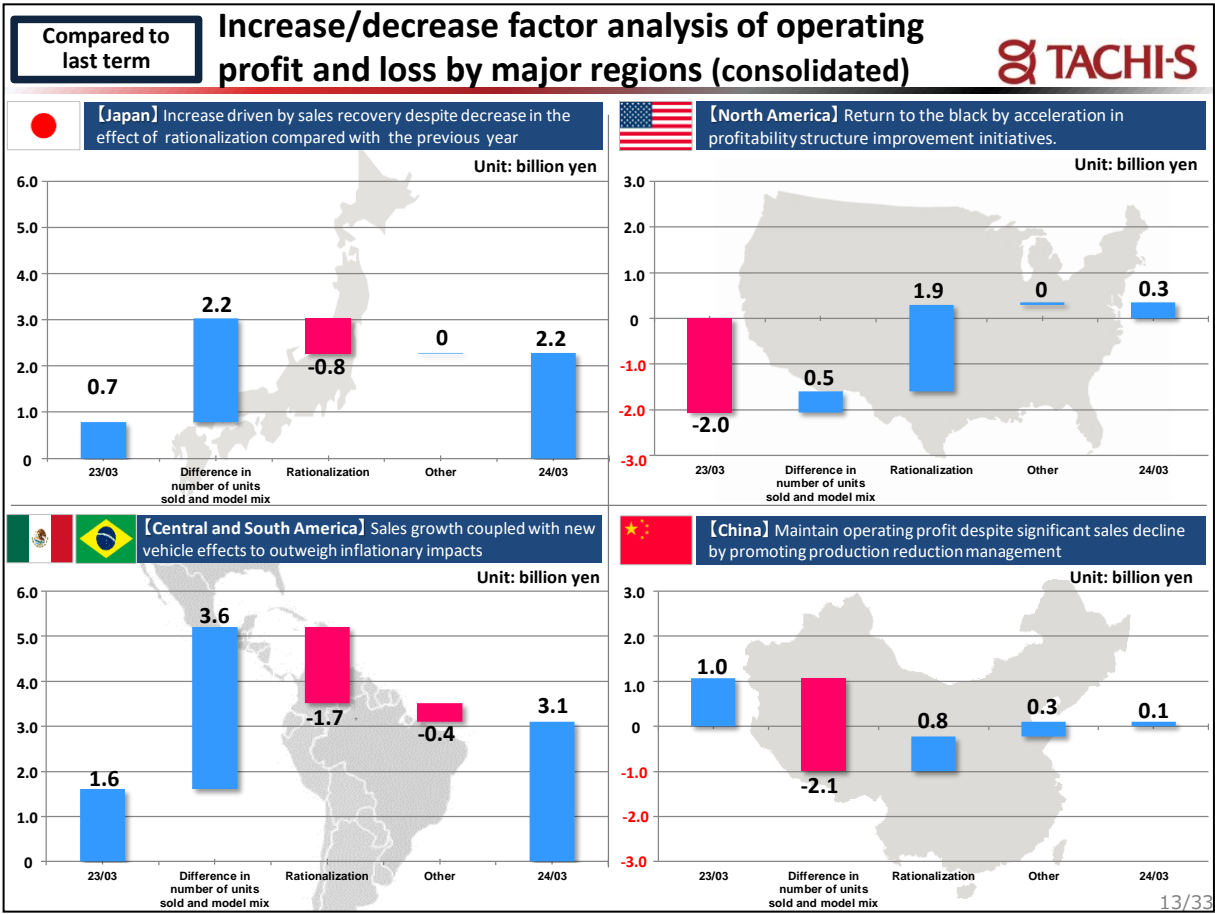
Unit: billion yen

(Rounded down to 0.1 billion yen)

Compared to last term



Operating profit is expected to show a sharp increase in relation to the last year thanks to strong sales recovery in Japan and Central and South America and the effect of our profit structure improvement initiatives.



FY2023 Q2 Results

FY2023 Financial Forecast

**Progress of the Medium-Term
Management Plan (TVE*)**

Shareholder Return

Activity Report

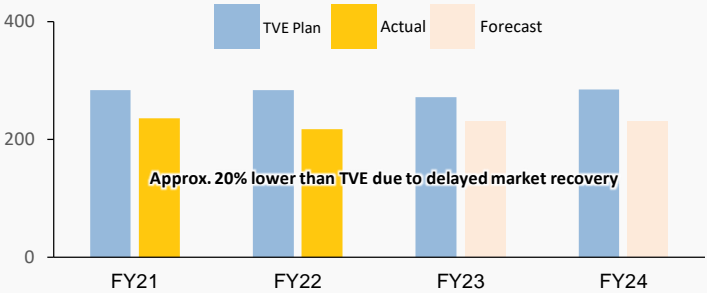
※ Transformative Value Evolution

14/33

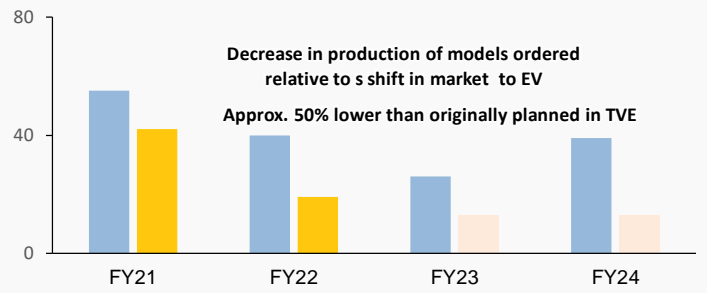
I will explain the progress of the medium-term management plan TVE and additional measures to improve profitability.

1) Impact of changes in business environment on volume

● TACHI-S global production volume (10,000 units)



2) TACHI-S Production volume in China (10,000 units)

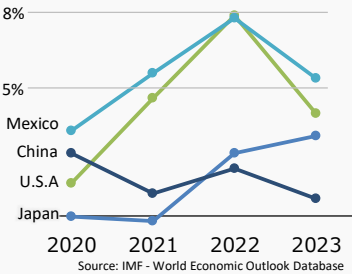


*Consolidated basis

3) Higher costs due to inflation

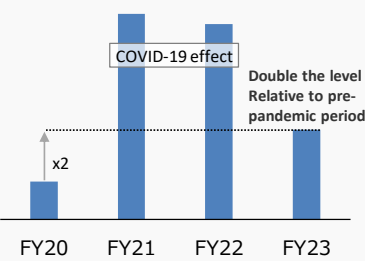
● Inflation in Our main countries (y/y)

Costs are expected to rise and normalize with inflation, relative to when TVE was planned.



● Ocean transportation costs

(40ft container, between China and Japan)



This slide shows the impact of the changes in the business environment that we are facing, which was explained in the meeting held May this year. TVE, which began in FY2021, has undergone three main changes in the business environment since its formulation.

The first is the decline in global production. The updated production forecast is expected to decline by about 20% compared with the one originally planned in TVE.

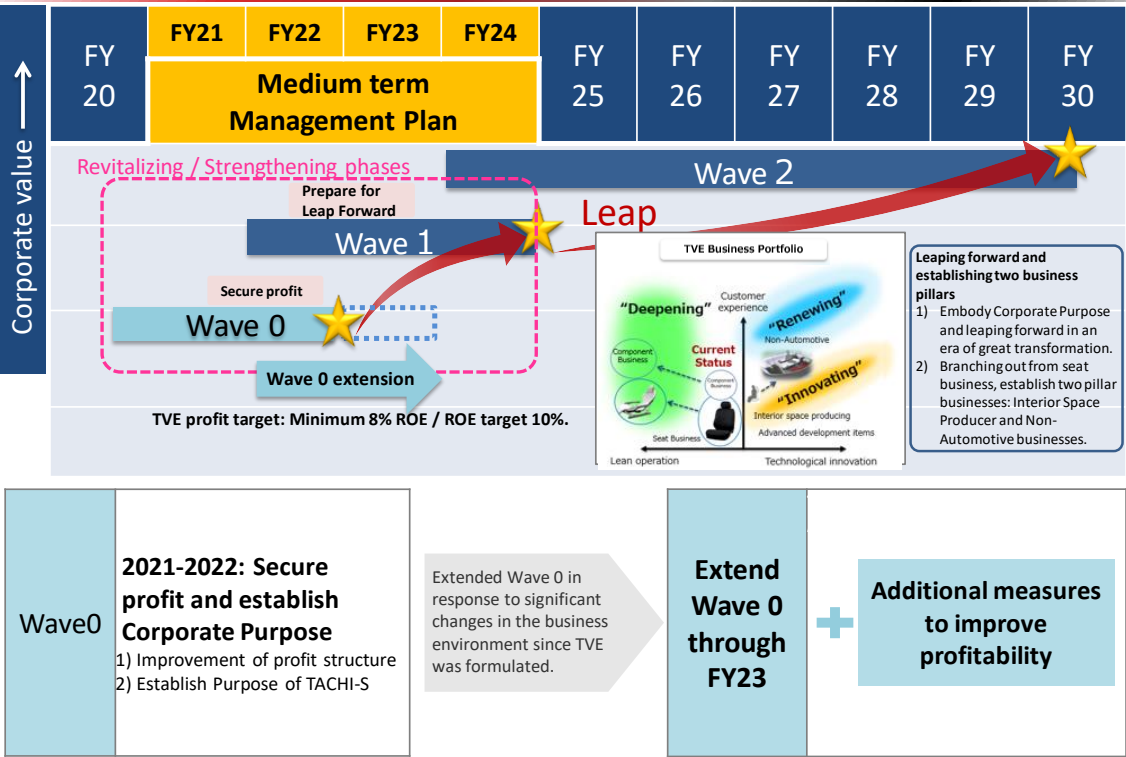
The second is a significant drop in production in China. As shown in the lower graph, our production volume in China is expected to be halved due to the rapid expansion of sales of new energy vehicles and the rapid growth in sales of Chinese OEMs.

This includes the impact of our customers' revision of their model introduction strategies in response to the rapid changes in the Chinese market, such as the postponement of new vehicle launches planned for FY2023 and FY2024 until FY2025 or later.

The third is rising costs due to global inflation. The upper right graph shows the trend of inflation rates in the four major countries in which we operate, and although lower than the COVID-19 pandemic, you can see that inflationary cost increases have become normalized. The graph on the lower right shows the change in container transportation costs between China and Japan. Compared to FY2020, container transportation costs were approximately five times higher in FY2021 and twice as high in FY2023, having not returned to their original levels.

In light of these major changes in the business environment, which were not anticipated when TVE was formulated, we decided to take additional measures to improve profitability.

Towards achieving TVE Goals



16/33

This chart, as was already explained, shows our roadmap for FY2030.

In FY2030, we will be a space producer centered on seats, and we will expand the Non-Automotive business to areas other than seat parts. We aim for these two businesses to be the two pillars of our business.

We will change our business portfolio with three “Shinka” toward what we expect to become.

With “Deepening” Shinka, we will make our existing seat business leaner and more efficient one,

and expand the parts business. Using the profits made in “Deepening” Shinka, we will then invest in growth areas such as the non-automotive field, which is “Renewing” Shinka, and the space producing field, which is “Innovating” Shinka.

In the plan up to 2030, we positioned the periods from FY2021 to FY2024 as the Wave 0 phase and the Wave 1 phase, and specified them as a reformation / strengthening phase. We have set our financial targets for this period as follows: ROE of at least 8% and target 10% in FY2024.

However, due to the significant changes in the business environment from the time TVE was formulated, we have decided to extend the originally scheduled Wave 0 period to FY2023 and implement additional measures to improve profitability in order to ensure that TVE will achieve an ROE of 8%.

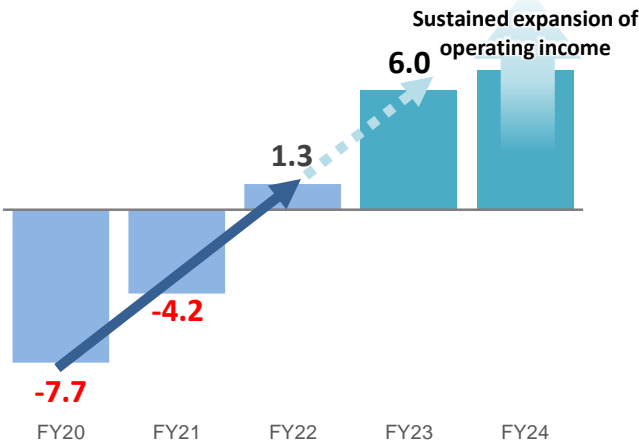
Profitability Improvement Forecast and Summary of Additional Measures

Operating profit increases in FY2023 due to implementation of additional measures to improve profitability. Sustained growth in operating income is expected in FY2024 and beyond.

Operating income (billions of yen)

Operating Income Results

Operating Income Forecast/Plan



Additional measures to improve profitability (Target: Approximately 30% of all locations)

① Improve profitability of unprofitable businesses

Downsizing

Efficient production through consolidating plants and locations

Improved profit management through the introduction of business division system

Selling price revision based on sincere information disclosure

② Increase marginal profit

Proposal for rules for dealing with inflation

Further reduction of material and logistics costs

③ Optimize fixed cost

Further efficiencies in administrative costs

Further streamline and optimize the development system

17/33

Now, I will explain our profitability improvement and outline the on-going measures to drive up profitability.

Operating income was 1.3 billion yen in the black last fiscal year. We expect it to grow to 6.0 billion yen this fiscal year, as explained earlier.

Additional measures to improve profitability are being undertaken in three areas.

The first is to improve profitability of unprofitable businesses by downsizing or consolidating plants and locations.

The second is to improve marginal profit by reducing material and logistic costs in-house and reflecting inflationary cost increases in the selling price.

The third is to optimize fixed costs by further streamlining development system and management structure .

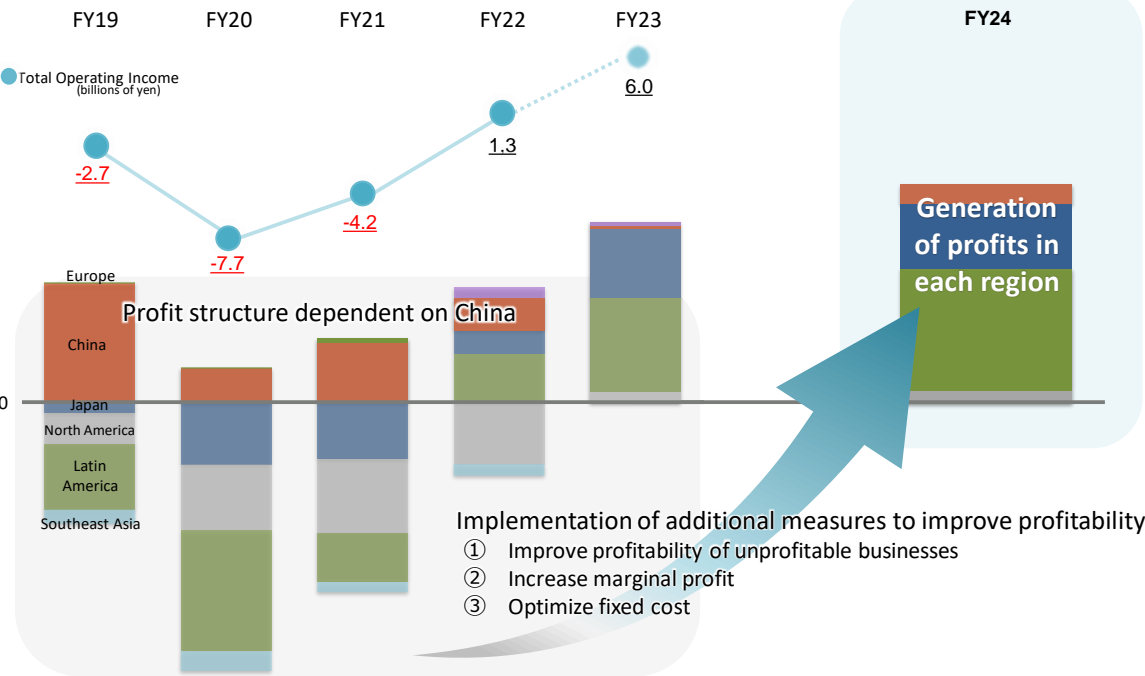
The 6.0-billion yen operating income forecast for FY2023 includes some effect of these additional measures as well as volume recovery.

We are now in a position to expect sustained growth in operating income in FY2024 and beyond.

Transform into a structure that can generate operating profit in all regions



Through profit structure reforms in Japan, North America, and Latin America, we expect to transform from our previous dependence on China to a structure that can generate operating profit in all regions from FY2023.



18/33

This graph shows operating profit performance by region.

The bar graph shows operating profit for each region, and the line graph shows the total.

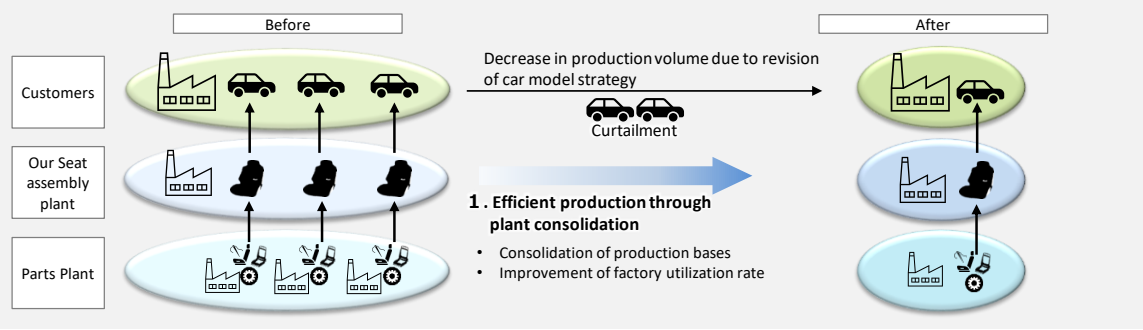
As was clearly shown in FY2019 to FY2021, only China earned operating profit while the other main regions of Japan, North America, and Latin America posted operating losses.

Through the implementation of the three additional profit improvement measures explained earlier, each region has been transformed into a profit structure that can reliably generate operating profit since FY2023, and we are now in a position to achieve sustainable expansion in FY2024 and beyond.

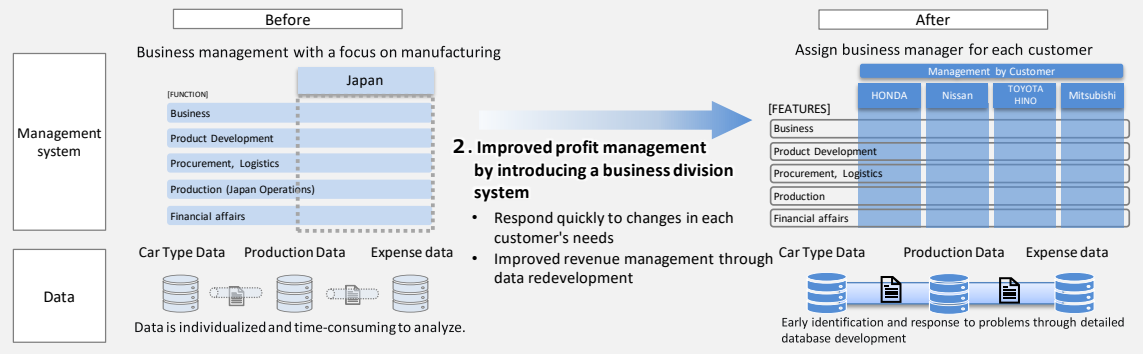
① Improve profitability of unprofitable businesses

TACHI-S

Streamlining our supply-chain structure in line with customers' strategic changes and business outlook



Change management structure in Japan to respond quickly to customer changes



19/33

Next, I will explain the details of additional measures currently underway to improve profitability.

The first step will be to improve the profitability of unprofitable businesses.

As shown in the upper section, our customers are in the process of reviewing their business strategy, including the model introduction strategy.

In many cases, this has been accompanied by a review of the number of models produced and a reduction in the number of units produced, and our existing production system is no longer suitable.

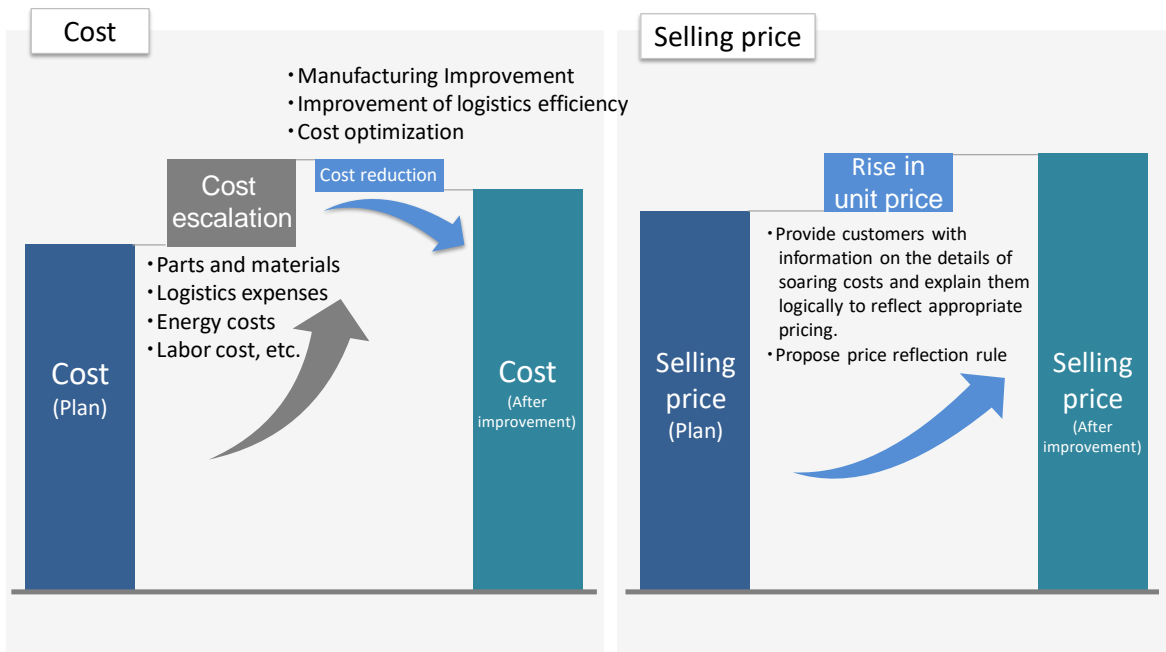
We are reviewing our seat assembly plants and parts plants to improve efficiency in line with customers' strategic changes and business outlook.

The bottom row shows the changes in the Japanese management system to be able to respond quickly to changes in customers.

While business operations and management had previously been focused on manufacturing, we have also reorganized revenue-related data, which had previously been insufficiently linked, and established a system that allows for profitability management.

② Increase marginal profit

To reduce cost increase due to inflation, we implement cost reduction activities through our own efforts. If our cost reduction efforts cannot properly cover cost increase, we will work to ensure that the cost increase is reflected in our prices.



20/33

I will now explain our efforts to improve marginal profit.

On the cost side, raw material and logistics costs have risen sharply, and labor costs, which have been rising markedly recently, have exceeded our planned costs and had a significant impact on our earnings.

We are continuing our own efforts to reduce costs by reviewing our manufacturing processes and improving the efficiency of logistics.

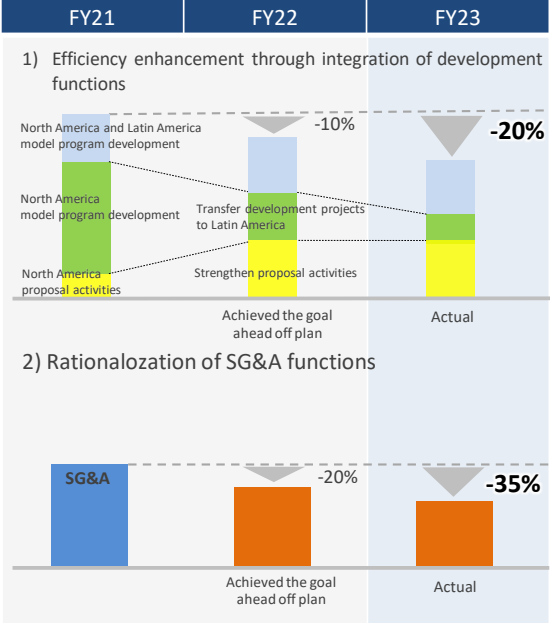
For cost increases that cannot be compensated for by our own cost reduction activities, we ask our customers to reflect the cost increases in the prices by providing them with information in a sincere manner.

In addition, as inflation takes hold globally, we are working on proposals for the establishment of rules to reflect inflation costs in our selling prices.

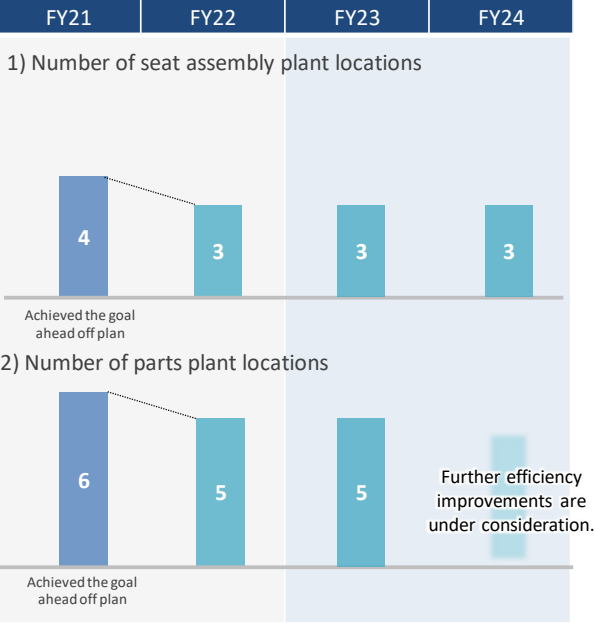
③ Optimize fixed cost

Raised fixed cost optimization target from TVE's original target and promoted further activities

● North America and Latin America: Functional optimization



● Latin America: Plant reorganization, fixed cost reduction



21/33

Next, I will explain the optimization of fixed costs.

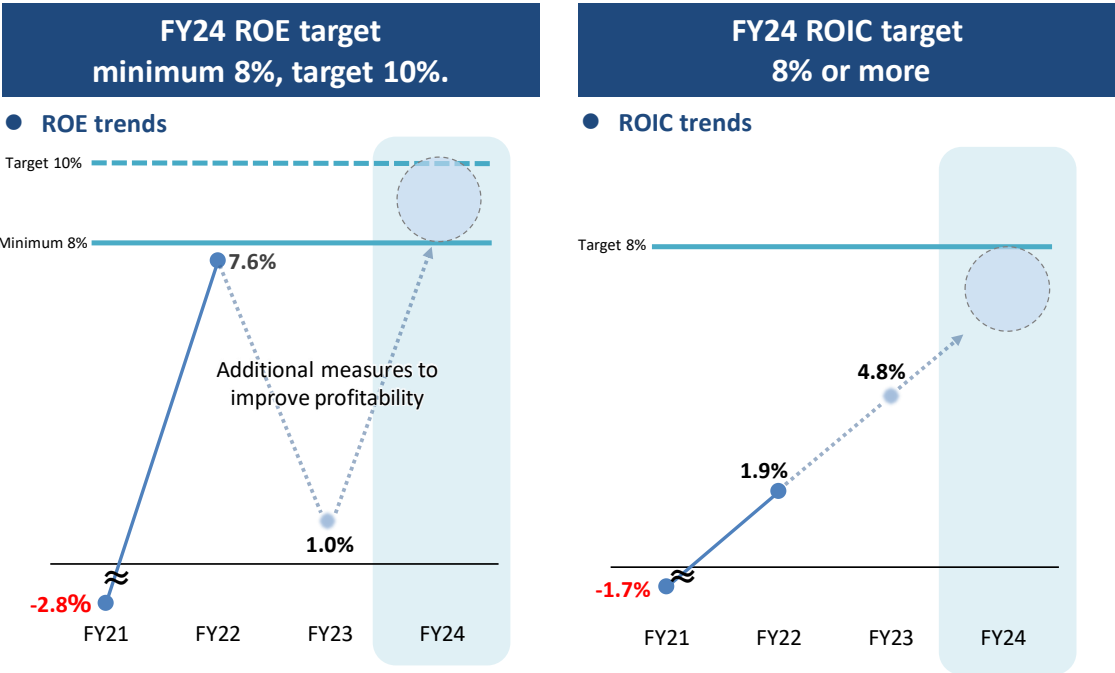
With regards to functional optimization in North America and Latin America, TVE's initial plan was achieved ahead of schedule in FY2022, but further review resulted in a 20% efficiency improvement in terms of integration of development functions and a 35% improvement in rationalization of administrative functions in relation to FY2021.

In the reorganization of plants and reduction of fixed costs in Latin America , we have achieved the plan ahead of schedule in FY 2021, and are considering further streamlining of parts plant.

Forecast of ROE and ROIC after implementation of additional measures to improve profitability

TACHI-S

ROE is expected to reach 8% in FY2024, and we aim for 10% ROE target by following through on additional measures to improve profitability. ROIC maintains an upward trend on a path to achieving 8%.



I will explain our forecast for ROE and ROIC after the implementation of additional measures to improve profitability.

There is no change in the 8% ROE commitment for FY2024, the 10% target, and the 8% target for ROIC. ROE is expected to be 1% in FY2023 due to an expected extraordinary loss of 3.5 billion yen resulting from additional business restructuring and other factors. In FY2024, we expect to achieve a ROE of at least 8% and a target of 10% by completing additional measures to improve profitability.

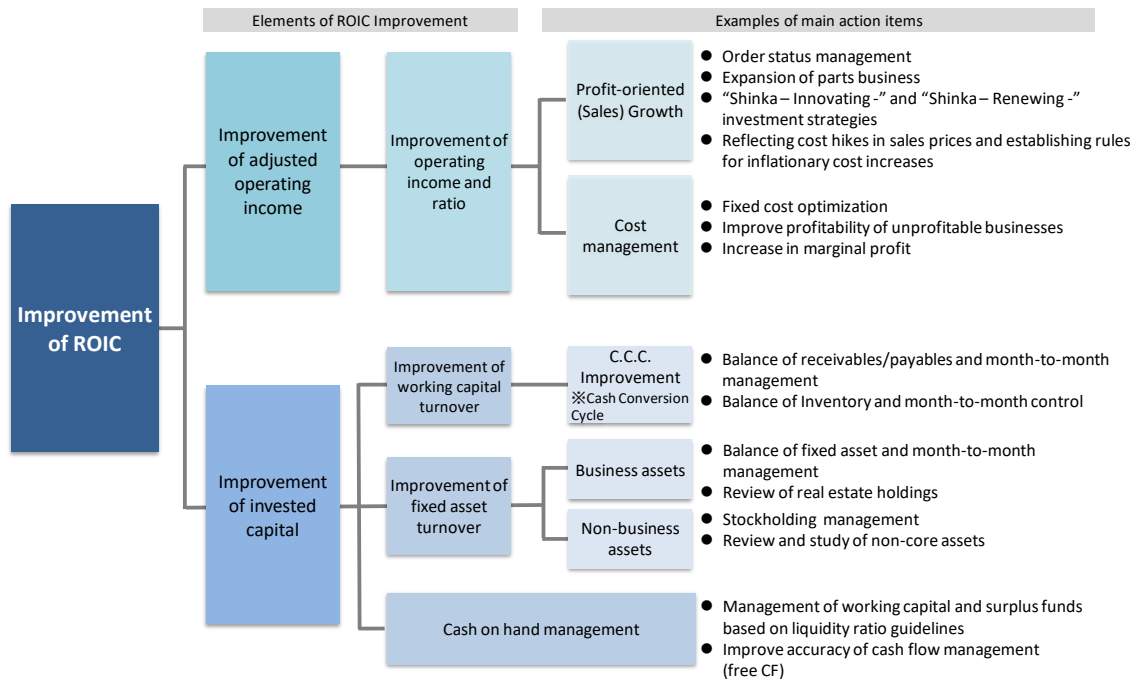
ROIC was 1.9% in FY2022. But it is expected to be 4.8% in FY2023 supported by volume recovery and some effects of additional measures begin to emerge. In FY2024, we plan to redouble our efforts to achieve our target of 8%.

To achieve the goal, we are working to implement ROIC-conscious management in our daily operations. Details are explained on the next page.

The Practice of Management Conscious of the Cost of Capital



To achieve the ROIC target of 8%, we work together to complete additional measures to improve profitability and to spread actions aimed at improving ROIC to the front-line level.



23/33

This figure shows our ROIC tree.

It is difficult to connect the numerator of the ROIC formula, "improvement in adjusted operating profit," and the denominator, "improvement in efficiency of invested capital," to specific initiatives on genba.

We have established a system that allows each business unit to proactively promote and follow up on activities at the business unit level by incorporating the indicators to be managed into individual KPIs for each business.

We have completed the rollout to each region and affiliated companies and have begun practical implementation.

In this way, we will deepen ROIC management.

We will achieve our ROIC target of 8% by completing additional profit improvement measures, optimizing the size of our business, and practicing management that is conscious of the cost of capital.

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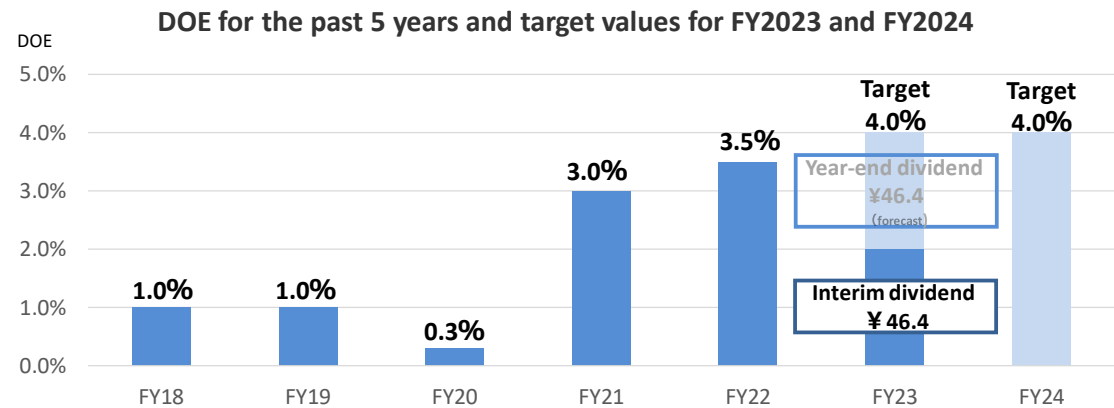
※Transformative Value Evolution

I will now touch on shareholder returns.

FY2021-FY2024 DOE* 3.0-4.0%, FY2023 DOE 4.0% target (¥92.8/share)

*Dividend on Equity Ratio

- Adopted DOE as the primary financial measure for dividends to achieve TVE's ROE goal of 8%.
- Continued proactive shareholder returns, aiming for DOE of 4% in FY2024, taking into account cash flow, a sound financial base over the medium to long term, and other factors.



- Maintain the TVE indicator of DOE 4% to achieve management target of 8% ROE in FY2024 Annual dividend
- Forecast 92.8 yen per share for FY2023 (an increase of 19.20 yen from the previous fiscal year)

25/33

Our company has adopted DOE as the main financial indicator for dividends, and has been moving forward with a policy of increasing DOE to 3% to 4% from FY2021 to FY2024.

Since the management target of ROE of 8% for 2024, has not changed, we have decided to maintain the TVE index of DOE of 4%, and the annual dividend per share forecast for FY2023 is 92.8 yen. This is a planned increase of 19.2 yen in dividends compared to the previous fiscal year.

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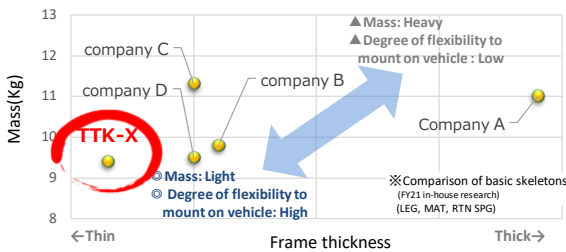
※ Transformative Value Evolution

I will now touch on activity report.

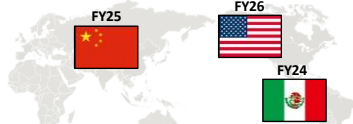
Mass production start of TTK-X

Start mass production of TACHI-S latest standard FR frame "TTK-X" from 2024

■ The industry's leading light-weight and relatively thinner frame structure

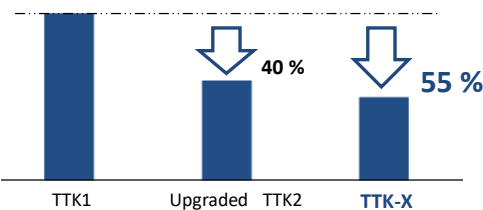


■ In preparation for start of mass production in Mexico from FY2024



To be adopted to new models one after another including BEV

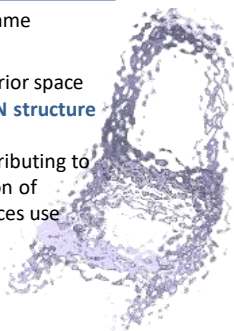
■ Reduction of CO₂ emissions * Scope 1, 2



※ TTK-X reduces arc welding length by 90% compared with TTK-1. Use of electricity during welding to be lower by 55

TACHI-S latest standard FR frame "TTK-X"

- Lightest-weight standard FR frame in the industry
- Realization of comfortable interior space by thinning BACK and CUSHION structure
- Adoption of laser welding contributing to low CO₂ emissions and adoption of fastening technology that reduces use of bolts and nuts



27/33

Let me explain our company's latest standard front frame.

We plan to start mass production of our company's latest standard front frame TTK series "TTK-X" in Mexico from 2024.

The upper left graph shows the product weight on the vertical axis and the frame thickness on the horizontal axis.

The lower left direction indicates that the frame is light and thin, and has high flexibility to be mounted on vehicle.

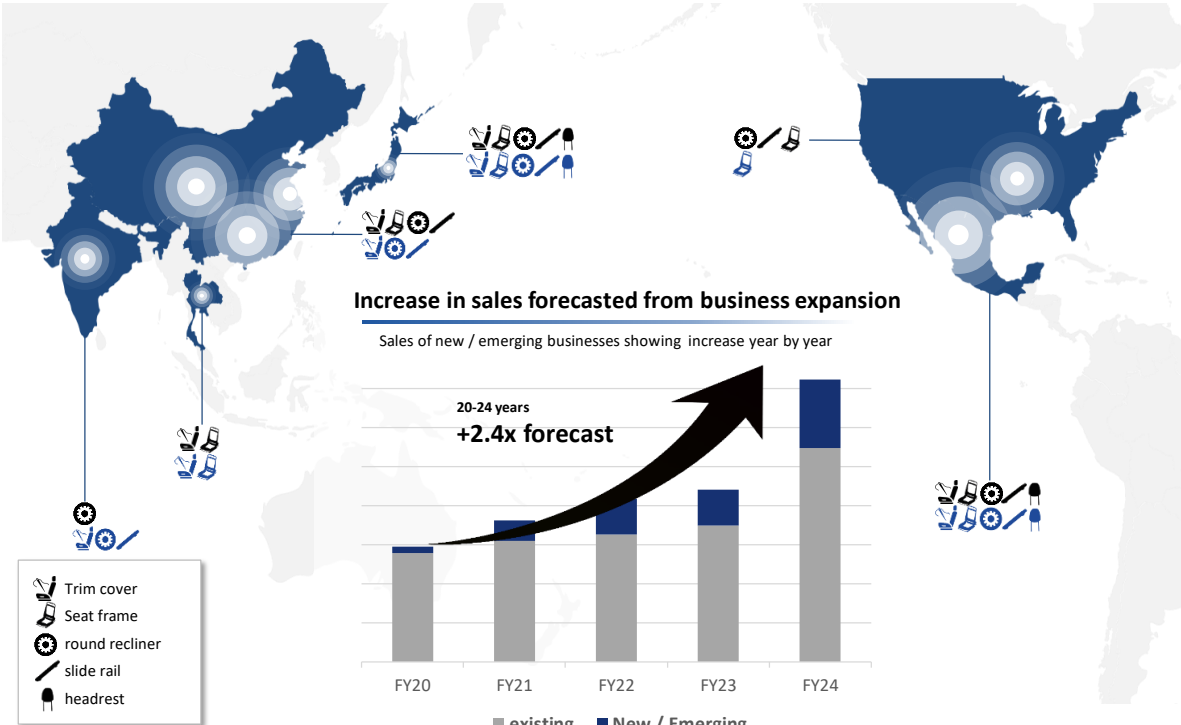
According to our research, TTK-X is the lightest in the industry and thinner frame structure.

At the same time, by adopting laser welding to the maximum extent, we are also contributing to the reduction of CO₂ emissions.

In the future, we plan to expand adoption to various models including BEVs globally, with the value of high flexibility of vehicle mounting and comfortable interior space.

Expansion of parts business

Expand parts business globally. Further new orders expected by FY2024



28/33

Next, about expansion of parts business

We have expanded sales of not only the seat business, but also parts business: trim covers, seat frames, mechanical parts, etc.

We plan to boost parts business sales by 2.4 times compared to FY2020.

We are on the right track to achieving the goal.

We have seen growth in sales of the trim cover in China and Mexico, Sales growth in mechanical parts has been notable in North America and India.

We will continue to expand the parts business globally and use them as a foothold for increased seat business going forward.

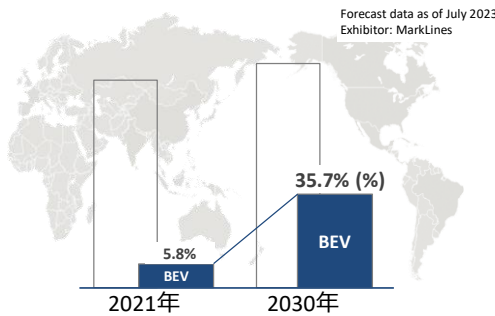
Expand parts business for emerging OEMs in China where a shift to BEV has been accelerating

■ Strengths of TACHI-S

- Sales channels to many emerging OEMs
- Component parts production base

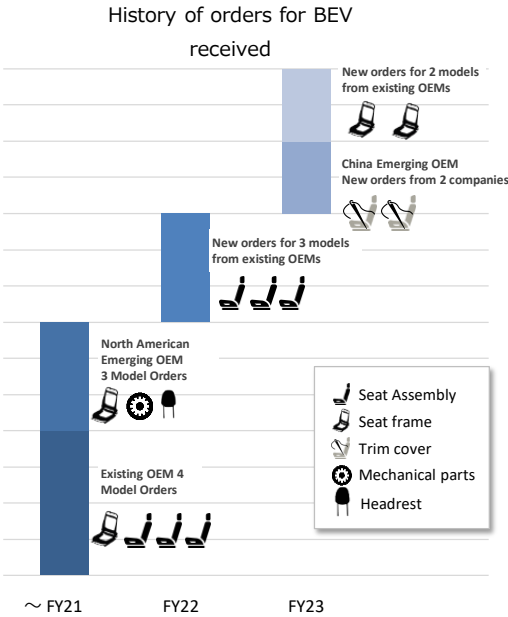
■ Forecast of BEV share in the global automobile market

- It is predicted that the share of BEV will be 35.7% in 2030



Inquiries have shown an increase in line with the establishment of OEM production bases
More business opportunities are expected in the future

■ BEV business order results



Let me brief you on our company's action toward BEV market.

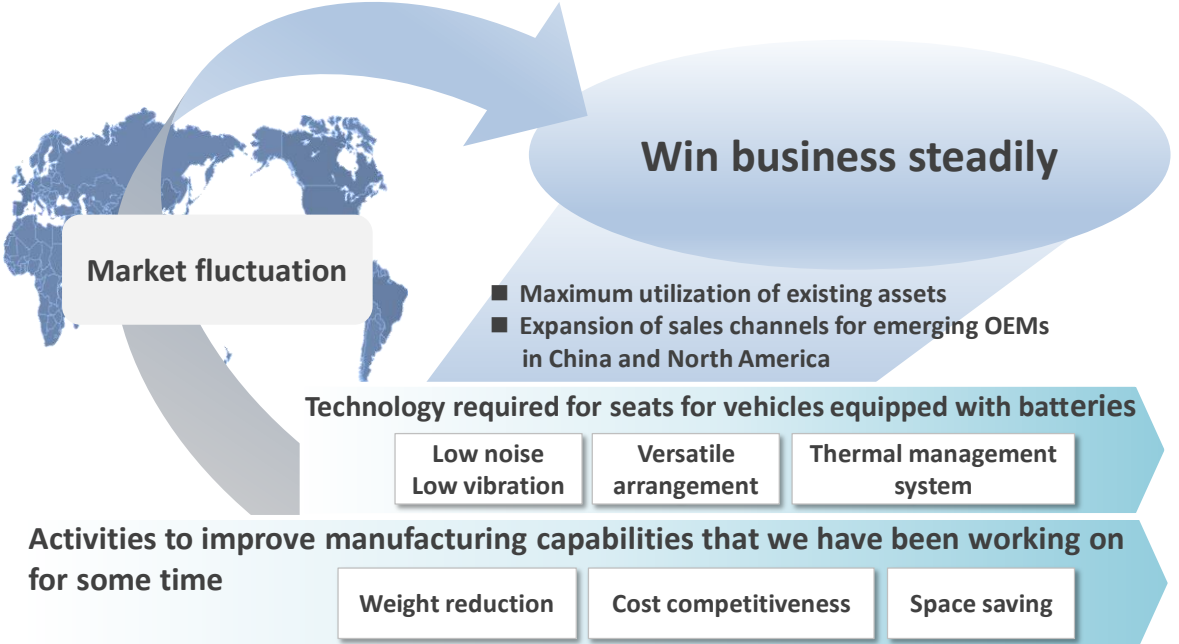
A shift to BEV shift has recently slowed down a bit in Europe and the United States, but it is predicted that the BEV share in the automobile market will grow to 35% in 2030 due to the rise of emerging Chinese OEMs. etc.

In addition to existing OEMs that we already have transactions with, we have received many new orders from emerging BEV OEMs in North America and China with which we have not had transactions with.

The current transaction is centered on the parts business such as trim covers and mechanical parts, and we have minimized investment and secured appropriate profitability even in the face of fierce market competition.

In addition, we have seen an increase in inquiries in line with the establishment of new production bases for emerging OEMs, and we will continue to aim to acquire new businesses.

Continuously engage in activities to improve Monozukuri capabilities that have been underway for some time to improve competitiveness
Respond to seat technology development required for electric vehicles



30/33

In response to electrification under way in the entire industry, in a period of change where we have seen a shift to electric powered vehicles consisting of not only BEVs but also PHEVs, we are promoting the development of seat technology to meet the requirements with aim to steadily acquire business.

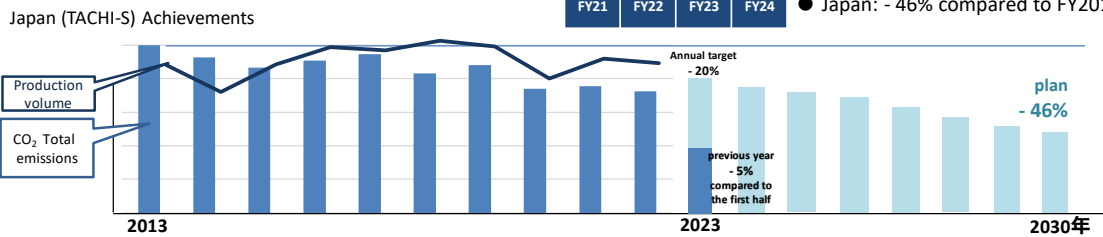
In addition to further improving our technical capabilities that we have been working on for some time, we are developing technology so that we can quickly grasp the added value required for seats for electric vehicles, and adopt them.

And make the best use of the assets we have, and further sales channels globally. We will make the best use of the assets we have and the existing sales channels to enhance sales in this fierce market environment.

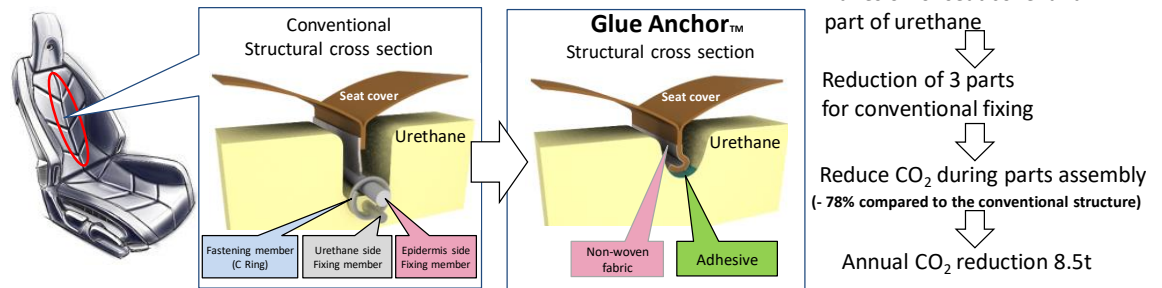
E: Environment. Towards carbon neutrality in 2050

■ FY2030 CO₂ reduction target

- Overseas: - 43% compared to FY2019
- Japan: - 46% compared to FY2013



■ In addition to reducing CO₂ in-house, contribute to reducing CO₂ in the supply chain (material manufacturing)



■ TCFD (Task Force on Climate-related Financial Information Disclosure) Information Disclosure

Update of group CO₂ emissions information on the website on October 23 https://www.tachi-s.co.jp/en/en_company/en_tcf.html

31/33

I will explain ESG initiatives.

Regarding the environmental (E) area, here is our initiative to achieve carbon neutrality.

The TACHI-S Group's 2030 CO₂ reduction target is

- Overseas reduction by 43% compared to FY2019
- In Japan, we have set a 46% reduction compared to 2013.

In addition to continuing energy-saving activities, we will install solar power generation equipment at our factories from FY2022.

By introducing it, total CO₂ emissions in the first half of 2023 has been reduced by 5% relative to the same period last year.

Included in the seats produced in North America is the one that not only reduces their own CO₂ but also can reduce CO₂ emissions in the supply chain through adoption of a glue anchor technology.

With this new technology, parts that fix the epidermis and urethane, which were necessary for the conventional structure, is no longer necessary, leading to a reduction in CO₂ emissions by 78%.

We disclosed TCFD information in April on our corporate website in April and updated the group's CO₂ emissions in October.

S: Social. Human Rights Due Diligence, Promotion of Women's Participation, Diversity

Human Rights Due Diligence

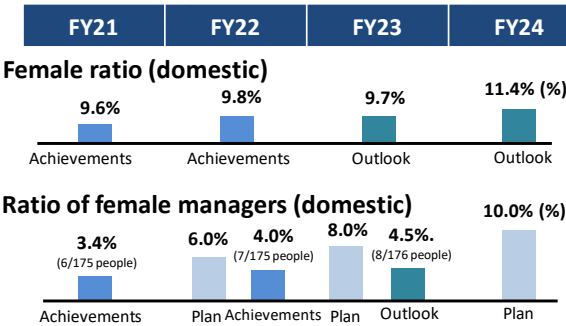
It will be a difficult situation to achieve the target of female managers in Japan in TVE. Based on this situation, we are considering milestones and actions with an awareness of 30% of female officers in 2030.



- ✓ Implementation of executive training
- ✓ Dealing with the gap between As is vs To be
- ✓ Draft human rights DD draft (~ FY24 2Q)

Diversity Initiatives

It is difficult to achieve the target of female managers in Japan in TVE. In light of this situation, diversity Furthermore, considering the 30% of female officers in 2030, the milestones and actions are under consideration again.



Activities already underway to achieve diversity in 2030

- ✓ Commitment by each global functional officer and Region manager
- ✓ Formulation of diversity response policy considering the working environment of each region
- ✓ Creating an in-house female manager training plan

Next, I will explain the S / social area.

We agree with international human rights principles such as the United Nations Guiding Principles on Business and Human Rights, we are considering formulating a human rights policy and creating a human rights DD system.

Since last year, we have been working to create a human rights policy and establish a human rights DD system. We started, but we reviewed the steps to ensure effectiveness aiming to complete the human rights DD completion schedule from the originally scheduled to the first half of FY2024 It is changing. While actively conducting penetration activities such as information sharing and discussions to the site, as TACHI-S. We are working to formulate human rights policies based on the essence and create a due diligence system. In addition, in order to work as a group-wide activity, we will also carry out activities to spread to the global group.

On the other hand, by strategically utilizing diverse human resources, innovation from a new perspective we will also implement global diversity initiatives to meet the needs of diversified customers.

The global ratio of women is 40%, but since the ratio of women in Japan is low,

In order to take drastic measures, we conducted training for executives. Although it is difficult to achieve the 10% ratio of female managers, which is set as a target for 2024. Based on the current situation, we will start forming a population, improve the ratio of female managers and future female executives. We have started activities committed to target values and countermeasures for production. Globally, we will carry out activities led by the top in each region.

G: Governance Comply the following 4 items in the CG report

Principle / supplementary principle	Item	Correspondence
4-10[1]	Involvement and advice of independent outside directors regarding nomination, remuneration, etc.	<ul style="list-style-type: none">● Three of the five members of the Personnel Compensation Committee have been changed to independent outside directors.● Changed the chairman of the Personnel Compensation Committee to an outside director (June 2023)
4-11	Prerequisites for ensuring the effectiveness of the Board of Directors and Board of Corporate Auditors	<ul style="list-style-type: none">● Appointment of one female director (June 2023)● Independent Outside Director becomes Chairman of the Board of Directors (June 2023)
2-3[1]	Active response to sustainability issues	<ul style="list-style-type: none">● Disclosed URL: https://www.tachi-s.co.jp/csr/tcfd.html
4-2[2]	Formulation of a basic policy for sustainability initiatives by the Board of Directors	

33/33

About the corporate governance area (G)

The four items that were scheduled to be complied to the governance code were now complied with.

Regarding principle 4-10[1] "Involvement of independent outside directors, etc.", in order to increase management transparency, the chairman of the Personnel Compensation Committee was changed to an independent outside director. For the reason, it came a compliance.

Regarding 4-11, a female director was appointed to ensure the diversity of the board of directors. We now have more effective management of the board of directors. With this, it became complied item.

Regarding 2-3[1] and 4-2[2], the basic policy of sustainability efforts and response to issues we disclosed it on our website, thereby making this item complied one.

Supporting People and the Earth
through “Seating” Technology



Global Seat System Creator

Cautionary Statement

This document contains forward-looking statements that reflect TACHI-S’ judgments and estimates that have been made on the basis of currently available information. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause TACHI-S’ actual results to be materially different from any future results, performance or achievements expressed or implied by those forward-looking statements.

This concludes my explanation of the financial results for the second quarter of the fiscal year ending March 2024 and the progress of the medium-term management plan.


While various changes in the business environment continue in FY2023, Tachi-S will steadily implement additional measures to improve profitability for further leaps in the future, and each region business will be transformed into a structure that can surely generate profits.

In addition, by responding quickly to changes in various business environments, the entire company is working together to realize an increase in corporate value.

I would greatly appreciate your continued understanding and cooperation.
Thank you for your attention.

Appendix

Business/ Management	●	Appointment of female outside director	Notice of the 71st AGM
		Transfer of land and buildings of TACHI-S former head office and TACHI-S H&P head office	Go to news release
	🇨🇳	Held a rally for the launch of Venucia VX6 【TACLE Guangzhou Automotive Seat】	Photo
ESG	●	Disclosed TCFD information	Go to information
		Released TACHI-S ESG Report 2023	Go to information
		Donation of stockpiled food to food bank 【Head Office/Technical Monozukuri Center】 【TF-METAL】	Go to ESG Report
		Initiative to reuse industrial waste as fertilizer 【TF-METAL】 - Held plant tour for Shizuoka Prefectural University of Agriculture - Donating the fertilizer to Kosai City - Participated in the "Kosai Environmental Fair" in Kosai City, Shizuoka Prefecture (distributed fertilizer to the first 100 people) - Distributed fertilizer to 18 elementary and junior high schools in Iwata City, Shizuoka Prefecture	Go to ESG Report
		Mowing and picking up trash around the company 【TF-METAL】	Go to ESG Report
		Donated medical aprons to Yokote City in Akita Prefecture 【NuiTec Corporation】	Go to ESG Report
		Held "Let's Eat and Support!" programs for regions hit with Great East Japan Earthquake 【TACHI-S Service】	-
	🇺🇸	Participated in Sportsmen Association Youth fest (Education through the outdoors) 【SETEX】	-
		Donated to Animal assisted education (education through interaction with animals) 【SETEX】	-
		Assisted as an interpreter when a delegation from Minami-Awaji City (sister city) visited Celina City 【SETEX】	-
	🇲🇪	Donated preserved food to nursing homes and children's homes 【TACHI-S Mexico】	Go to ESG Report
		Participated in plantations in the city of Aguascalientes 【TACHI-S Mexico】	Go to ESG Report
		Participated in the activities of the Mexican Red Cross Society support 【TACHI-S Mexico】	Go to ESG Report
		Donated computer equipment for the education of special children to school 【TF-METAL Mexico】	Photo
	🇨🇳	Installed solar power generation 【TACLE Guangzhou Automotive Seat】	Photo
		Cleaned up trash in rivers around the company (Inundation measures) 【TF-METAL Zhejiang】	Go to ESG Report


Award		Received the Delivery Award, an award for excellence, from Honda Motor Co., Ltd.	Go to news release
		Received the Superior Quality Award from Nissan Shatai Co., Ltd.	Go to news release
		Received the 2022 Honda Supplier Award for 5 consecutive years 【SETEX Automotive Mexico】	Go to news release
Media/ Exhibit		Broadcast on TV Tokyo “Unknown Gulliver ~Excellent Company File~” (Sep.9, 2023)	-
		Participated in Radio NIKKEI “Ask Top Management! Strengths and Human Resources Strategy” (Sep.13, 2023)	-
		Broadcast on SBS TV “LiVE Shizuoka” (July 31, 2023) 【TF-METAL】	-
		Participated in Akita NEXT Motor Fes in Yokote 【NuiTec Corporation】	-
		Exhibited at the 68th Annual Meeting of the Japanese Society for Dialysis Therapy 【TACHI-S H&P】	Photo




Held a rally for the launch of Venucia VX6



TACLE Guangzhou Automotive Seat



Introduction of solar power generation



TACLE Guangzhou Automotive Seat



Donation of computer equipment for the education of special children to school



TF-METAL Mexico



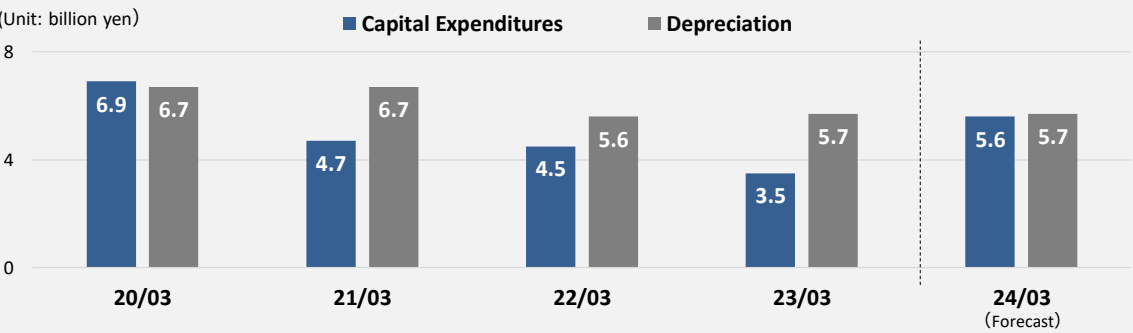
Exhibited at the 68th Annual Meeting of the Japanese Society for Dialysis Therapy



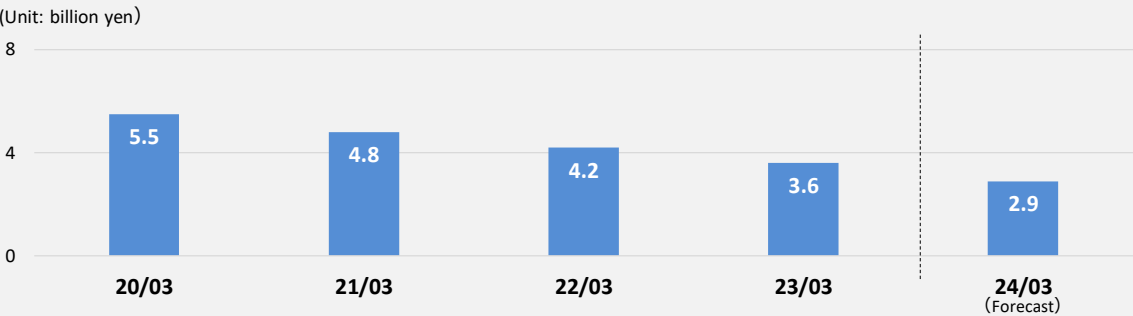
TACHI-S H&P























Capital Expenditures & Depreciation



R & D



FY23 New Models and Minor Changes

	2023												2024		
	4	5	6	7	8	9	10	11	12	1	2	3			
Japan		 ECLIPSE CROSS (M)	 OUT LANDER PHEV (M)	 OUT LANDER (M)		 N-BOX									
			 FAIRLADY Z (M)												
Mexico					 SENTRA (M)										
					 VERSA (M)										
China ASEAN		 Venucia 大v	 M-NV (M)		 PALADIN	 Venucia VX6									
		 QASHQAI													

●NISSAN ●HONDA/ACURA ●MITSUBISHI ●TOYOTA/HINO ●OTHER
(M) : Minor Change Model Year

➤ New N-BOX Seat (Honda Motor Co., Ltd)

Start of sales of new N-BOX from October 2023

Cervical impact mitigation front seat



Neck impact mitigation seats are installed in the driver and passenger seats, which reduce the strain on the neck in case hit from behind at a low-speed



Source: Honda Motor Co., Ltd. official website

(Unit: yen)

	20/03	21/03	22/03	23/03	24/03 (forecast)
USD	109.13	105.79	112.06	135.07	143.00
MXN	5.65	5.02	5.38	6.50	7.80
EUR	121.27	123.22	130.54	140.86	155.00
RMB	15.86	15.41	16.94	19.42	19.70

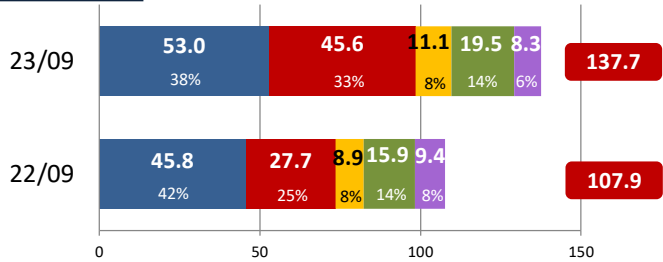
Net Sales by Customer (Consolidated)



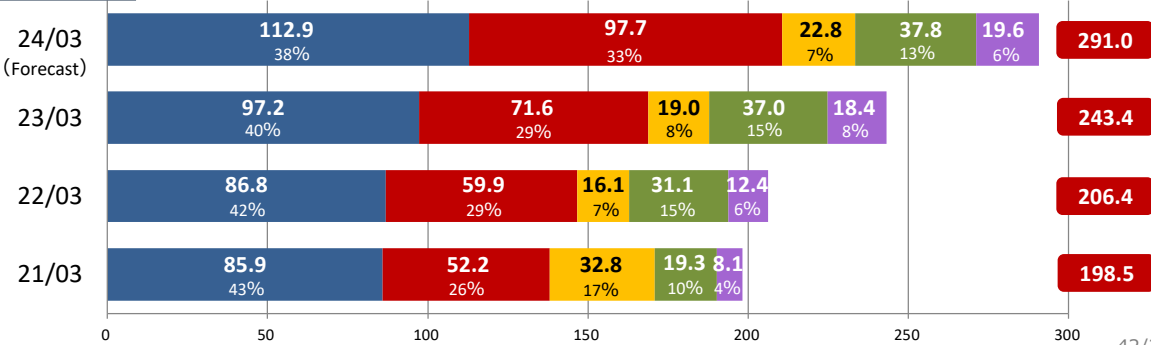
(Unit: billion yen)

■ Honda ■ Nissan ■ Toyota ■ Mitsubishi ■ Other

1 st - half



Full Year



42/33

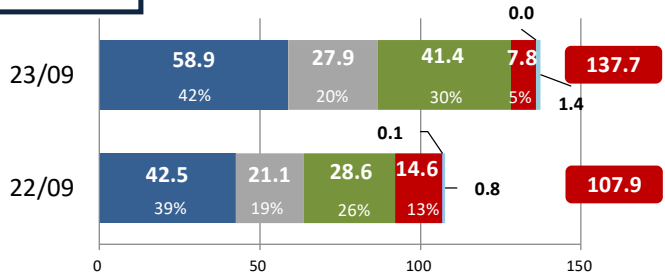
Net Sales by Region (Consolidated)



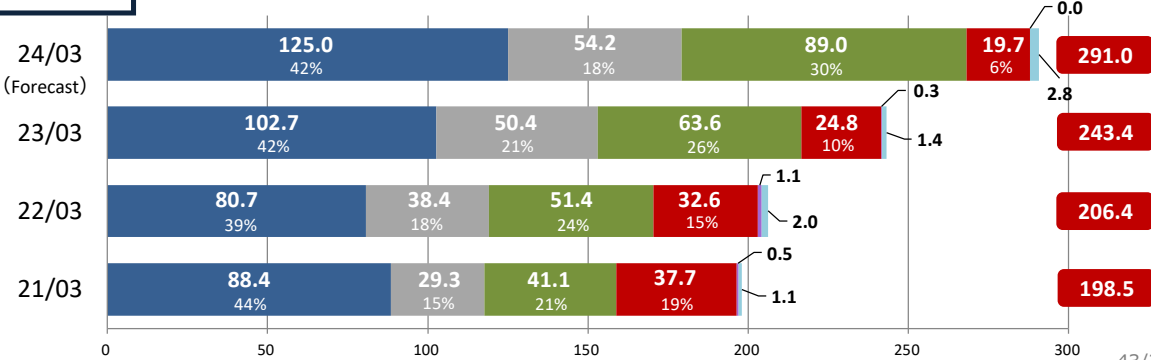
(Unit: billion yen)

■ Japan ■ North America ■ Latin America ■ China ■ Europe ■ Southeast Asia

1 st - half



Full Year



43/33

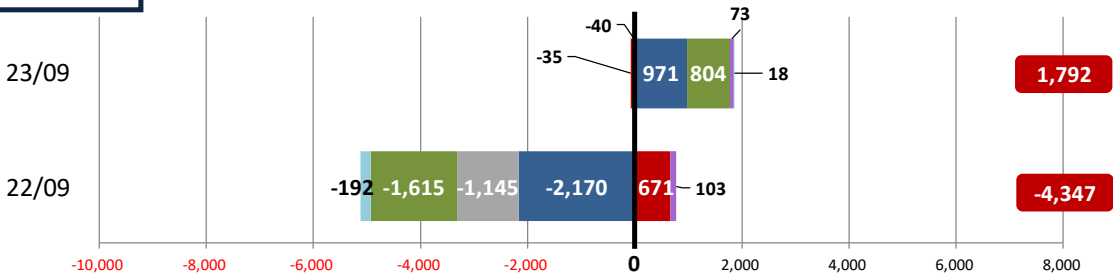
Operating Income by Region (Consolidated)



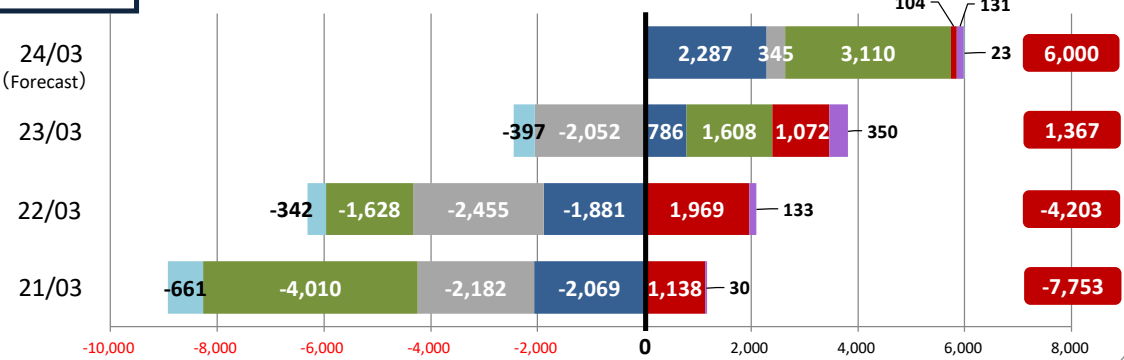
(Unit: million yen)

■ Japan ■ North America ■ Latin America ■ China ■ Europe ■ Southeast Asia

1 st - half



Full Year



44/33

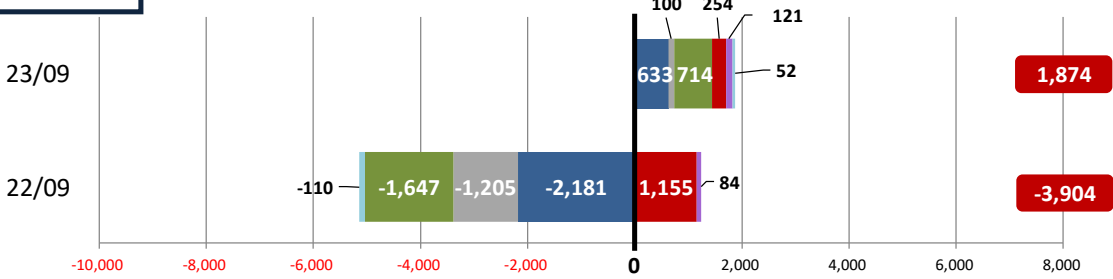
Ordinary Income by Region (Consolidated)



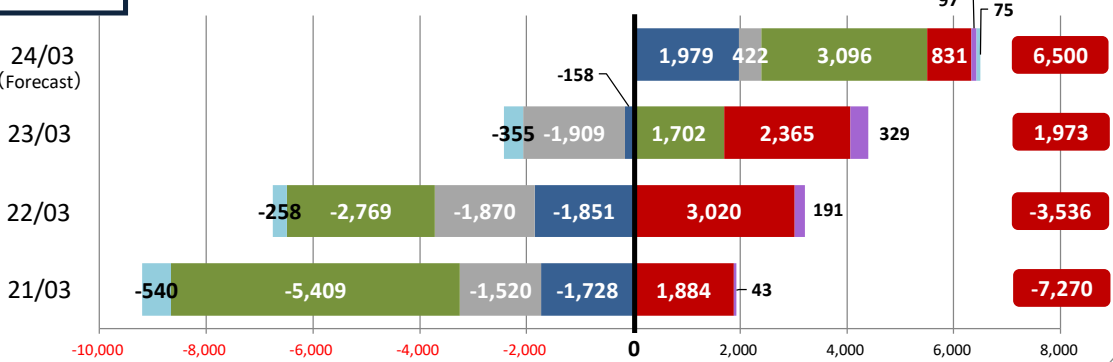
(Unit: million yen)

■ Japan ■ North America ■ Latin America ■ China ■ Europe ■ Southeast Asia

1 st - half



Full Year



Business site	Location	Business Contents	Major Customers	Established
Head Office Technical Monozukuri Center	Ome-shi, Tokyo	Administration, Sales, Purchasing, R&D, Production, Testing, Quality assurance etc..		April, 1954 *TTMC:April, 2012 *Changed head office on December, 2022
Technical Center Aichi	Anjo-shi, Aichi	Sales, Purchasing, R&D		August, 1999
Aichi Plant	Anjo-shi, Aichi	Manufacturing of automotive seats and parts	Mitsubishi, TOYOTA BOSHOKU	April, 1977
Musashi Plant	Iruma-shi, Saitama	Manufacturing of automotive seats and parts	HONDA, NISSAN SHATAI	January, 1980 *Closed Hiratsuka Plant and moved to Musashi Plant on December, 2022
Ome Plant	Ome-shi, Tokyo	Prototype Manufacturing of automotive seats and parts	Hino, TOYOTA BOSHOKU	April, 1969
Tochigi Plant	Shimotsuke-shi, Tochigi	Manufacturing of automotive seats and parts	NISSAN, Hino	February, 1982
Suzuka Plant	Suzuka-shi, Mie	Manufacturing of automotive seats	HONDA	October, 1984

As of the end of September 30, 2023

Scope of Consoli- dation	Company	Location	Capital	Business Contents	Major Customers	Equity participation () including subsidiaries' equity	Established	Fiscal year
◎	TF-METAL Co., Ltd.	Kosai-shi, Shizuoka	50 million yen	R&D/manufacturing/sales of automotive seat parts	TACHI-S, Kinryo Kogyou, TF-METAL Mexico	100.0%	May, 2017	Mar.
◎	Nui Tec Corporation	Ome-shi, Tokyo	325 million yen	Manufacturing of automotive seats and trim covers	TACHI-S, TOYOTA BOSHOKU TOHOKU	100.0%	July, 2006	Mar.
◎	TACHI-S H&P Co., Ltd.	Ome-shi, Tokyo	40 million yen	Manufacturing/sales of springs, automotive seat parts and medical beds	TACHI-S, TF-METAL and other non automotive manufacturers	100.0%	April, 1961	Mar.
○	Kinryo Kogyo Co.,Ltd.	Miyako-gun, Fukuoka	100 million yen	Manufacturing/sales of automotive seats and parts	TACHI-S, ADIENT	25.0%	February, 1976	Mar.
◎	TF-METAL Iwata Co., Ltd.	Iwata-shi, Shizuoka	15 million yen	Manufacturing/sales of automotive seat parts	TF-METAL, NHK Spring	(100.0%)	October, 1986	Mar.
◎	TF-METAL Kyushu Co., Ltd.	Nakatsu-shi, Oita	10 million yen	Manufacturing/sales of automotive seat parts	TF-METAL, JTEKT COLUMN SYSTEMS	(100.0%)	July, 1985	Mar.
◎	TF-METAL Higashi Mikawa Co., Ltd.	Shinshiro-shi, Aichi	10 million yen	Manufacturing of automotive seat parts	TF-METAL	(100.0%)	October, 1986	Mar.

□ TACHI-S Service Co., Ltd.

◎ Consolidated
subsidiary

6

△ Equity-method
nonconsolidated subsidiary

—

○ Consolidated affiliate

1

□ Unconsolidated
subsidiary

1

※ Unconsolidated affiliate

—

Scope of Consoli- dation	Company	Location	Capital	Business Contents	Major Customers	Equity participation () including subsidiaries' equity	Established	Fiscal year
◎	TACHI-S Engineering U.S.A., Inc.	Michigan, U.S.A .	43 million USD	Sales/R&D/business administration in North America		100.0%	July, 1986	Mar.
◎	TF-METAL Americas Corporation	Michigan, U.S.A .	0 million USD	Business administration/R&D in Americas		(100.0%)	July, 2000	Mar.
◎	SETEX, Inc.	Ohio, U.S.A.	5 million USD	Manufacturing/sales of automotive seats	HONDA (U.S.A.), ADIENT	(51.0%)	September, 1987	Mar.
◎	TACHI-S Automotive Seating U.S.A., LLC	Tennessee, U.S.A.	22 million USD	Manufacturing/sales of automotive seats	NISSAN (U.S.A.)	(100.0%)	December, 2005	Dec.
○	TechnoTrim, Inc.	Michigan, U.S.A .	0 million USD	Manufacturing/sales of automotive seat trim parts	Major automotive seat manufacturers in North America including TACHI-S group companies	(49.0%)	November, 1986	Mar.
◎	TF-METAL U.S.A., LLC	Kentucky, U.S.A.	10 million USD	Manufacturing/sales of automotive seat parts	TAS-U.S.A., TF-METAL Mexico	(100.0%)	March, 2004	Mar.
◎	TACHI-S Canada, Ltd.	Nova Scotia, Canada	12 million CAD	Business administration in Canada		(100.0%)	September, 2004	Mar.

◎ Consolidated
subsidiary

6

△ Equity-method
nonconsolidated subsidiary

—

○ Consolidated affiliate

1

□ Unconsolidated
subsidiary

—

※ Unconsolidated affiliate

—

TACHI-S Group Companies (Latin America / Europe)



Scope of Consoli- dation	Company	Location	Capital	Business Contents	Major Customers	Equity participation () including subsidiaries' equity	Established	Fiscal year
◎	TACHI-S Engineering Latin America, S.A. de C.V.	Aguascalientes, Mexico	2,184 million MXN	R&D/business administration in Latin America		(100.0%)	May, 2012	Dec.
◎	Industria de Asiento Superior, S.A. de C.V. (TACHI-S Mexico)	Aguascalientes, Mexico	26 million USD	Manufacturing/sales of automotive seats and seat parts	NISSAN (Mexico)	(100.0%)	April, 1991	Dec.
◎	SETEX Automotive Mexico, S. A. de C. V.	Guanajuato, Mexico	24 million USD	Manufacturing/sales of automotive seats	HONDA (Mexico)	(95.0%)	September, 2012	Dec.
◎	TF-METAL Mexico, S.A. de C.V.	Aguascalientes, Mexico	27 million USD	Manufacturing/sales of automotive seat parts	TACHI-S Mexico, Faurecia	(100.0%)	June, 2012	Mar.
◎	TACHI-S Brasil Industria de Assentos Automotivos Ltda.	Rio de Janeiro, Brazil	525 million BRL	Manufacturing/sales of automotive seats	NISSAN (Brazil) Renalt (Brazil)	(100.0%)	August, 2012	Dec.
◎	TACHI-S Engineering Europe S.A.R.L.	Meudon-La- Forêt, France	23 million EUR	Sales in Europe, manufacturing/sales of automotive seat parts	TACHI-S	100.0%	October, 2004	Dec.

◎ Consolidated
subsidiary

6

△ Equity-method
nonconsolidated subsidiary

—

○ Consolidated affiliate

—

□ Unconsolidated
subsidiary

—

※ Unconsolidated affiliate

49/33

TACHI-S Group Companies (China-1)



Scope of Consoli- dation	Company	Location	Capital	Business Contents	Major Customers	Equity participation () including subsidiaries' equity	Established	Fiscal year
◎	TACHI-S China Co., Ltd.	Guangdong, China	259 million RMB	Sales/R&D/business administration in China		100.0%	October, 2011	Dec.
△	TACHI-S Engineering Zhengzhou Co., Ltd.	Henan, China	75 million RMB	R&D in China		(100.0%)	December, 2015	Dec.
◎	TACLE Guangzhou Automotive Seat Co., Ltd.	Guangdong, China	66 million RMB	Manufacturing/sales of automotive seats	ADIANT Dongfeng NISSAN	51.0%	November, 2004	Dec.
◎	Hunan TACHI-S Automotive Seating Co., Ltd.	Hunan, China	40 million RMB	Manufacturing/sales of automotive seats	GAC Mitsubishi Motors	(51.0%)	July, 2012	Dec.
◎	TACHI-S Lear DFM Automotive Seating (Xiangyang) Co., Ltd.	Hubei, China	30 million RMB	Manufacturing/sales of automotive seats	Dongfeng NISSAN	(51.0%)	July, 2013	Dec.
○	Zhengzhou Taixin Interior Co., Ltd.	Henan, China	11 million RMB	Manufacturing/sales of automotive seats	Chery Automobile, Zhengzhou NISSAN	50.0%	July, 2001	Dec.
◎	Wuhan Dongfeng TACHI-S Yanfeng Automotive Seating Co.,Ltd	Hubei, China	43 million RMB	Manufacturing/sales of automotive seats	Dongfeng HONDA	50.0%	June, 2008	Dec.
○	Lear DFM TACHI-S Automotive Seating (Dalian) Co., Ltd.	Liaoning, China	50 million RMB	Manufacturing/sales of automotive seats	Dongfeng NISSAN	(49.0%)	August, 2013	Dec.

Scope of Consoli- dation	Company	Location	Capital	Business Contents	Major Customers	Equity participation () including subsidiaries' equity	Established	Fiscal year
※	Zhengzhou Taizhixin Automotive Seating Co., Ltd.	Henan, China	90 million RMB	Manufacturing/sales of automotive seats and seat parts		(49.0%)	June, 2019	Dec.
※	Lear Dongshi TACHI-S Automotive Seating (Wuhan) Co., Ltd.	Hubei, China	50 million RMB	Manufacturing/sales of automotive seats	Dongfeng NISSAN	(34.0%)	November, 2019	Dec.
◎	TACHI-S Trim Guangzhou Co., Ltd.	Guangdong, China	38 million RMB	Manufacturing/sales of automotive seat trim parts	TACHI-S	100.0%	September, 2005	Dec.
◎	TACHI-S Trim Wuhan Co., Ltd.	Hubei, China	35 million RMB	Manufacturing/sales of automotive seat trim parts	Wuhan TACHI-S	(100.0%)	October, 2013	Dec.
◎	TF-METAL Zhejiang Co., Ltd.	Zhejiang, China	251 million RMB	Manufacturing/sales of automotive seat parts	TACHI-S, TAST	(82.8%)	December, 2019	Dec.

◎ Consolidated subsidiary
 8

△ Equity-method nonconsolidated subsidiary
 1

○ Consolidated affiliate
 2

□ Unconsolidated subsidiary
 —

※ Unconsolidated affiliate
 2

Scope of Consoli- dation	Company	Location	Capital	Business Contents	Major Customers	Equity participation () including subsidiaries' equity	Established	Fiscal year
◎	TACHI-S (Thailand) Co., Ltd.	Bangkok, Thailand	771 million THB	Business administration in Southeast Asia and India		100.0%	September, 2011	Dec.
◎	TACHI-S Automotive Seating (Thailand) Co., Ltd.	Bangkok, Thailand	153 million THB	Manufacturing/sales of automotive seats and seat parts	NISSAN (Thailand) Mitsubishi (Thailand) Nippatsu (Thailand)	100.0%	April, 2010	Dec.
□	TACHI-S Engineering Vietnam Co., Ltd.	Ho Chi Minh, Vietnam	31,026 million VND	R&D in Vietnam		100.0%	January, 2013	Dec.
※	Uno Minda TACHI-S Seating Private Limited	Delhi, India	134 million INR	Manufacturing/sales of automotive seat parts		49.0%	October, 2022	Mar.
□	APM TACHI-S Seating Systems Vietnam Co., Ltd.	Da Nang, Vietnam	56,567 million VND	Manufacturing/sales of automotive seats		(51.0%)	November, 2016	Dec.
※	APM TACHI-S Seating Systems Sdn. Bhd.	Selangor, Malaysia	5 million MYR	Manufacturing/sales of automotive seats		(49.0%)	February, 2013	Dec.

◎ Consolidated subsidiary

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△ Equity-method nonconsolidated subsidiary

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○ Consolidated affiliate

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□ Unconsolidated subsidiary

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※ Unconsolidated affiliate

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Contact

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