

FY2021 Financial Results

From April 1, 2021 through March 31, 2022



TACHI-S CO.,LTD.

May 27th, 2022



Securities Code: 7239 (Tokyo/Prime)

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I am Yamamoto, President of TACHI-S.

Thank you for participating in the company's briefing for the financial results for the fiscal year ending March 2022, despite your busy schedule.

Among COVID-19 pandemic, global semiconductor shortages, and soaring material costs because of high crude oil prices, many issues such as material supply and logistic problems and production volume fluctuation have occurred, and we have been dealing with those issues through our activities. I would like to express my sincere gratitude for your cooperation in our activities.

Today, in addition to explaining the financial results, I would like to elaborate the progress of the Transformative Value Evolution, a medium-term management plan announced in May last year.

Company Name	TACHI-S CO., LTD.
Corporate Headquarters	3-3-7, Matsubara-cho, Akishima-shi, Tokyo
Date of Establishment	April 7, 1954
Paid-in Capital	9.04 billion yen
Net Sales	206.4 billion yen (Consolidated) (Fiscal Year Ended March 31, 2022)
Number of Employees	11,426 (Consolidated) (As of March 31, 2022)
Stock Exchange Listing	Tokyo / Prime Market (Securities Code: 7239)
Business Contents	Manufacturing of automotive seats

This is the overview of TACHI-S.

FY2021 Financial Results

FY2022 Financial Forecast

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

- **Business Strategy**
- **Financial and Capital Strategies**
- **Corporate Governance**

Shareholder Return

Today's contents will be explained in four parts as you can see.

FY2021 Financial Results

FY2022 Financial Forecast

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

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Shareholder Return

First, I would like to explain the results for the fiscal year ended March 2022.

Financial Results (Consolidated)



vs. previous year

(Unit: billion yen)
(Amounts are rounded down)

	21/03	22/03	Change	Change(%)
Net Sales	198.5	206.4	7.9	4.0
Operating Income	-7.7	-4.2	3.5	—
Ordinary Income	-7.2	-3.5	3.7	—
Net Income*	-13.7	-2.0	11.6	—

* Net income attributable to TACHI-S CO., LTD.

<Overview of 2022/03 financial results>

- ◆ Net sales increased year on year with the recovery from the impact of COVID-19 pandemic, despite the effects of the global shortage of semiconductors, except in the China region, which coincided with the model changeover timing for the vehicles with our products.
- ◆ The revenue recognition standards were changed from the current fiscal year, and net sales based on the same standards as the previous year were 229.2billion yen, an increase of 15%.
- ◆ Operating income/loss was affected by the impact from production volume decrease of the customers and the impact from soaring raw material prices, but effects of structural reform activities launched last year in Japan and Latin America have begun to appear.
- ◆ In addition to the operating income/loss, net income/loss improved due to the following extraordinary gains/losses.
 - 5.5billion yen due to restructuring costs recognized in the previous fiscal year and a decrease in impairment losses
 - 4.1billion yen due to gain on sales of land associated with factory reorganization in the current period and gain on sales of investment securities

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For the fiscal year ended March 2022, revenue increased and profit/loss improved.

The overview of financial results are as described. I will explain the details on the following pages.

Analysis of Increase / Decrease (Consolidated)



vs. previous year

Net Sales

(Unit: billion yen)

(Amounts are rounded down)

() Before correction of the impact of revenue recognition standards



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Revenue increased in all regions except China, which coincided with the model changeover timing for the vehicles with our products.

Analysis of Increase / Decrease (Consolidated)

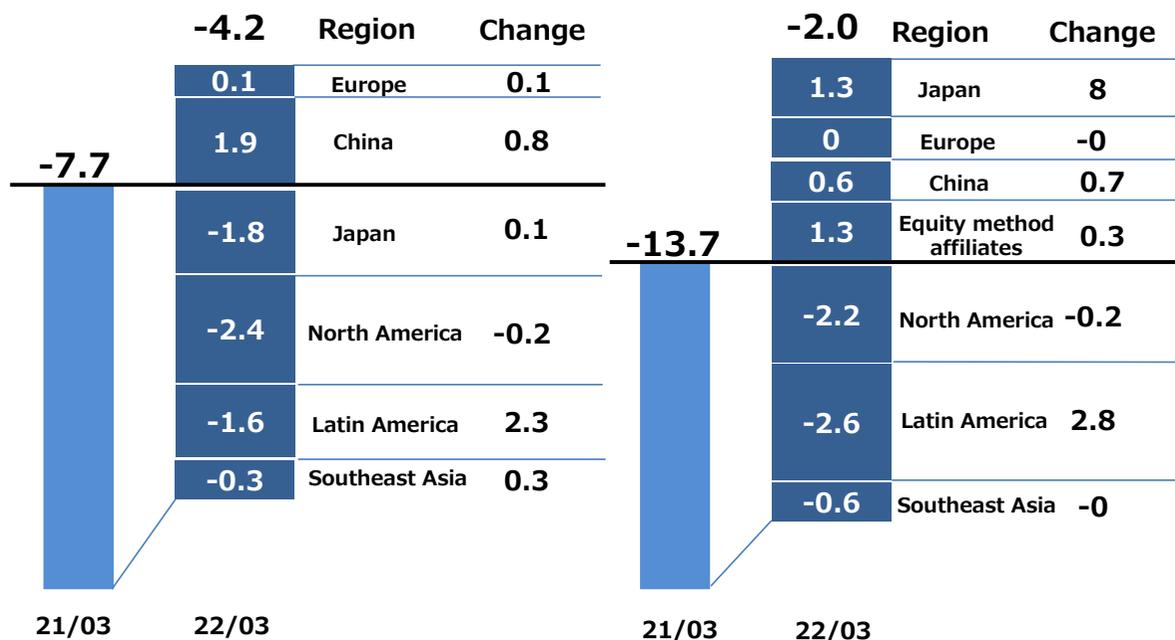


vs. previous year

(Unit: billion yen)
(Amounts are rounded down)

Operating Income

Net Income*



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Operating income has improved, and we will explain the factors behind the increase and decrease on the next page.

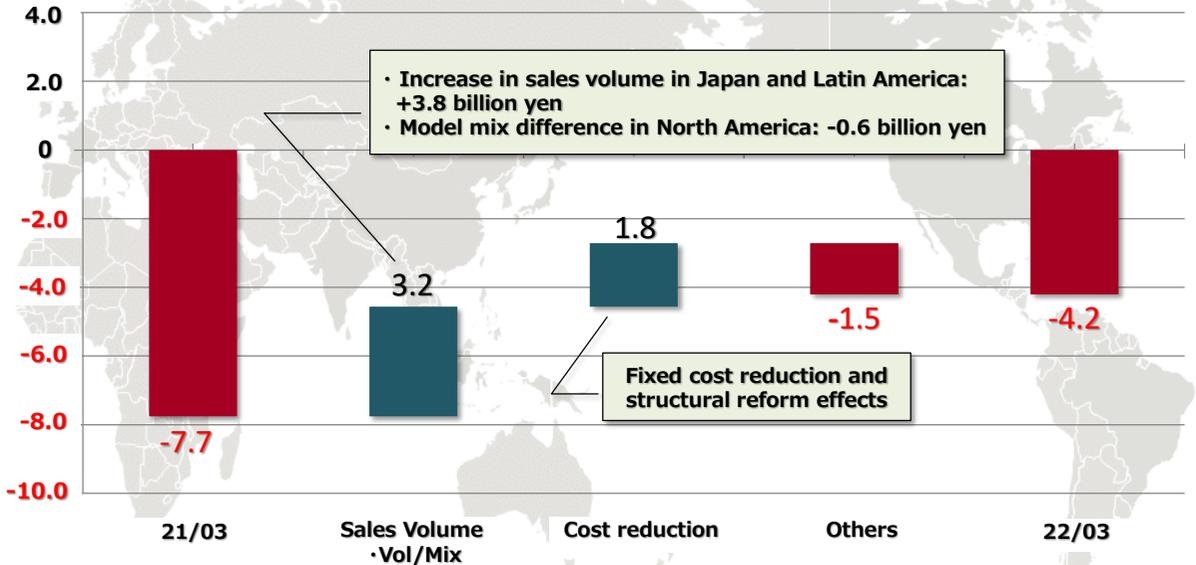
Net income attributable to TACHI-S CO., LTD. improved due to the effects of extraordinary income in the previous fiscal year and the current fiscal year, in addition to the improvement in operating income.

Factors of Increase / Decrease (Consolidated)

Operating loss was reduced by increasing sales volume and realizing some of the effects of structural reforms

vs. previous year

(Unit: billion yen)
(Amounts are rounded down)



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Operating income was affected by a sharp decrease in production by customers due to a shortage of semiconductor supply. However, the operating loss improved compared to FY20 results due to an increase in sales volume, reduction of fixed costs, and partial realization of structural reform effects.

FY2021 Results (Consolidated)



vs published number

(Unit: billion yen)
(Amounts are rounded down)

	22/03 Published	22/03 Results					Change
			Q1	Q2	Q3	Q4	
Net Sales	216.0	206.4	49.0	46.3	48.3	62.6	-9.5
Operating Income	-2.1	-4.2	-2.6	-3.0	-1.3	2.8	-2.1
Ordinary Income	-0.5	-3.5	-2.6	-2.0	-2.0	3.1	-3.0
Net Income*	0.4	-2.0	-2.8	-1.8	1.1	1.4	-2.4

* Net income attributable to TACHI-S CO., LTD.

<Overview of 2022/03 financial results>

- ◆ Revenue was lower than the initial forecast in Japan and North America due to the production adjustments of customers resulting from the semiconductor shortage and other factors.
- ◆ Operating income is expected to fall short of the previous forecast, as various improvement activities could not offset the negative impact of production volume fluctuations of customers and the effects of soaring raw material prices.
- ◆ Affiliates (equity in earnings) are recovering as planned.
- ◆ Net income was in deficit due to the above effects, despite the sale of investment securities.

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This is a comparison with the published value .

Revenue was lower than the initial forecast due to the production adjustments of customers resulting from the semiconductor shortage and other factors, but in the fourth quarter, we returned to the black globally and achieved an operating profit margin of 4%.

Net income attributable to TACHI-S CO., LTD. was in deficit due to the impact of operating income, although we sold investment securities.

FY2021 Financial Results

FY2022 Financial Forecast

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

- Business Strategy
- Financial and Capital Strategies
- Corporate Governance

Shareholder Return

Next, I will explain the outlook for the fiscal year ending March 2023.

FY2022 Financial Forecast (Consolidated)



vs. previous year results

(Unit: billion yen)
(Amounts are rounded down)

	22/03	23/03	Change	Change (%)
Net Sales	206.4	248.0	41.5	20.1
Operating Income	-4.2	1.2	5.4	—
Ordinary Income	-3.5	2.0	5.5	—
Net Income*	-2.0	0.2	2.2	—

* Net income attributable to TACHI-S CO., LTD.

<Overview of 2023/03 financial forecast>

- ◆ Although the impact of a semiconductor shortage is anticipated in the first half, revenue is expected to increase compared to the same period of the previous year on the assumption that the impact will be resolved, and production will recover in the second half.
- ◆ Operating income is expected to increase due to the effects of new vehicle launches for models launched in the middle of 2021 and 2022, in addition to the recovery of the market. Furthermore, the positive effects of structural reforms in each region are expected to continue, so it is expected to be profitable compared to the same period of the previous year.
- ◆ Net income will decrease due to the gain on sale of land as an extraordinary income in Japan in the previous year but compared to the same period of the previous year, it is expected to increase because of boosting profits due to the increase in sales.

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Revenue and profits are expected to increase in the fiscal year ending March 2023.

The overview of financial forecast is as described. I will explain the details on the following pages.

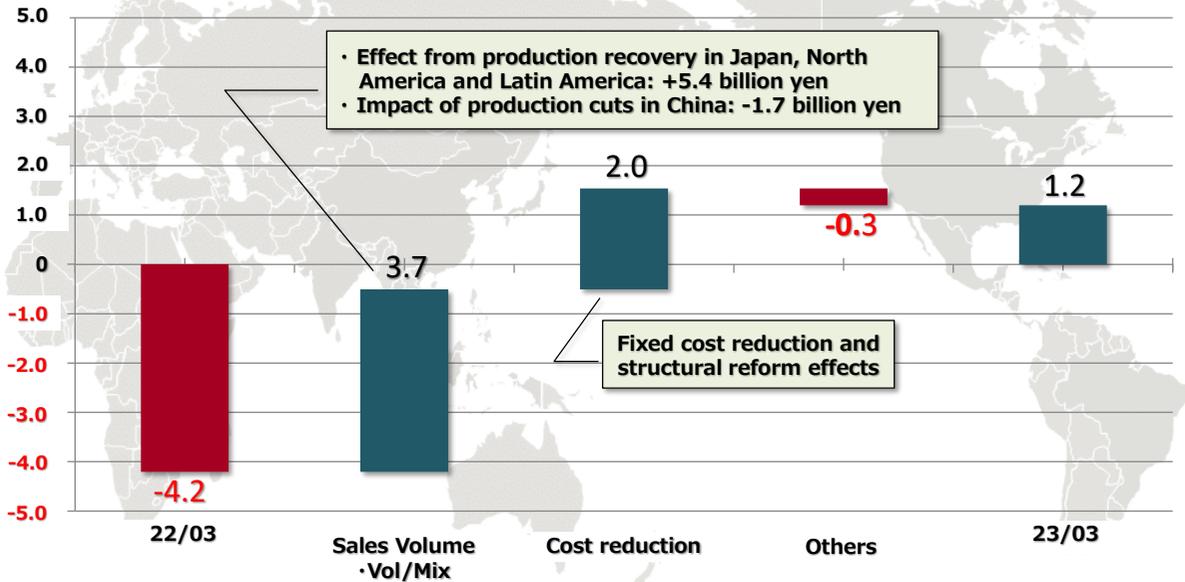
Factors of Increase / Decrease (Consolidated)



Return to operating profit with production recovery in Japan, North America and Latin America

vs. previous year results

(Unit: billion yen)
(Amounts are rounded down)



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Factors contributing to the increase or decrease in operating income are as shown.

We will continue to vigorously promote cost reduction and streamlining activities in each region of the group, aiming to realize a profit structure that can tenaciously withstand changes in the external environment.

FY2021 Financial Results

FY2022 Financial Forecast

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

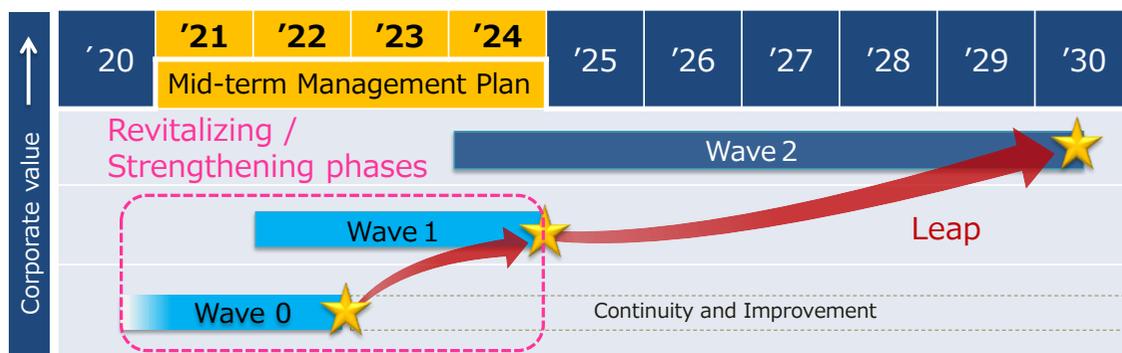
- **Business Strategy**
- **Financial and Capital Strategies**
- **Corporate Governance**

Shareholder Return

I will explain the progress of the medium-term management plan that started in FY2021.

- Business Strategy
- Financial and Capital strategies
- Corporate governance

TVE Roadmap to Growth Strategies & TACHI-S



Wave 0	2021-2022: Secure profit and establish Corporate Purpose 1) Improve profit structures 2) Establish Purpose of TACHI-S
Wave 1	2022-2024: Prepare for Leap 1) Establish a corporate structure to secure profits 2) Set out to become a Space Producer and launch Non-Automotive business
Wave2	2024-2030: Realize a Leap and establish two wheels of business 1) Embody Corporate Purpose and take a great leap in an era of great transformation. 2) Spreading from seat business, establish pillar businesses as two wheels: Interior Space Producer and Non-Automotive businesses.

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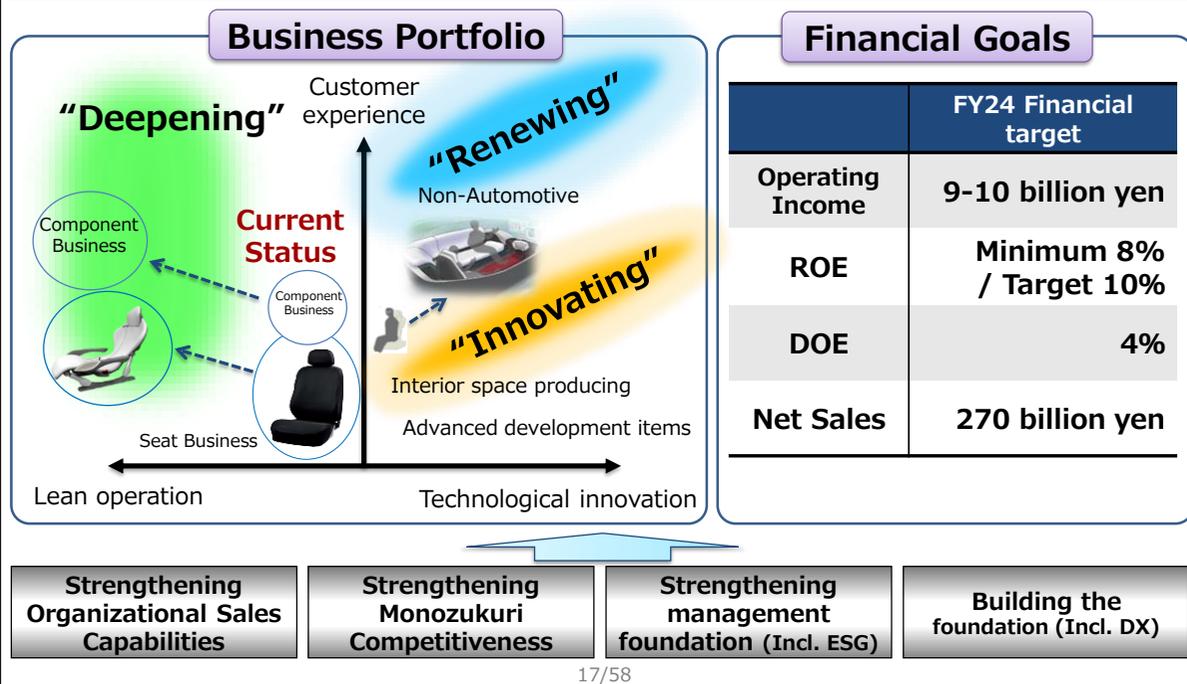
This is our medium-term management plan (TVE) roadmap.

In FY2030, we will be a space producer spread from seats, and also we will expand the Non-Automotive business other than seat parts. We aim for these two businesses to be the two wheels of our business.

In FY2021, we focused on TVE's Wave 0, improving the company's profit structure, and establishing Purpose of TACHI-S.

In FY 2022, in addition to Wave 0, we will start Wave 1, which is positioned as a reformation / strengthening phase to prepare for future leaps.

- Change the business portfolio with the three “Shinkhas” and expand the existing seat business
- FY24 Financial targets are operating income of 9 to 10 billion yen, ROE of minimum 8% target 10%



I will explain what TVE is aiming for.

In our business strategy, we will change our business portfolio with three “Shinkha”.

With “Deeping” Shinkaha, we will make our existing seat business more lean and efficient.

With “Innovating” Shinkha, we will expand our activities to the production of interior spaces centering around seats.

With “Renewing” Shinkha, we will expand our activities to the non-automotive field by utilizing the strengths we have cultivated in the seat business.

We have set our FY24 financial targets as follows: Operating income of 9-10 billion yen, ROE of minimum 8% ,target 10%.

To achieve these goals, we are working on "strengthening organizational sales capabilities," "strengthening Monozukuri competitiveness," "strengthening management foundation," and "building a foundation" as priority activity measures.

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Shareholder Return

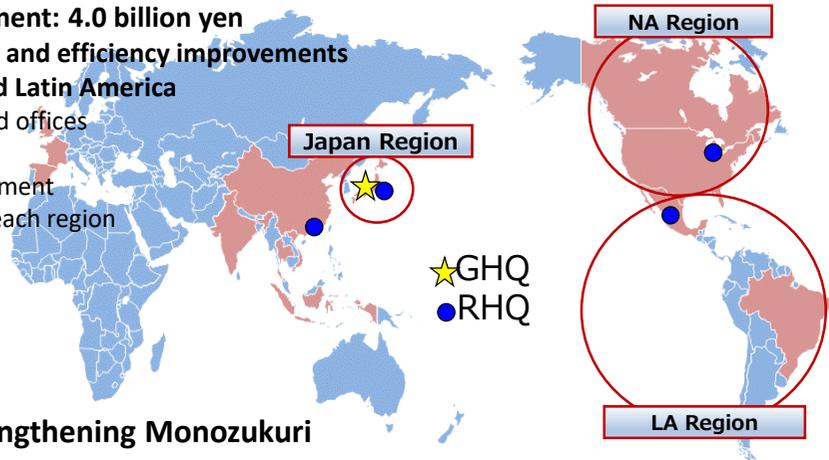
Here is explanation for the progress of profit improvement in business strategy.

We will streamline and improve the efficiency of our business, by an extreme cost reduction activities on a global basis and transform into a management base capable of generating 9-10 billion yen in operating income in FY24.

1) Profit structure improvement: 4.0 billion yen

Implementing streamlining and efficiency improvements in Japan North America and Latin America

- ① Reorganization of plants and offices
- ② Reduction of fixed costs
- ③ Logistics efficiency improvement
- ④ Functional optimization in each region



2) Cost reduction by strengthening Monozukuri 5.5 billion yen

- ① Commonize frame structures
- ② Localization of parts
- ③ Expansion of in-house production
- ④ Reducing the cost of purchased parts
- ⑤ Process and quality improvement

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In the efforts to improve profitability in the business strategy, we will improve profitability by 4 billion yen by profit structure improvement and reduce the cost by 5.5 billion yen by strengthening Monozukuri, and transform to a management foundation that can generate operating income of 9 billion yen to 10 billion yen in FY2024.

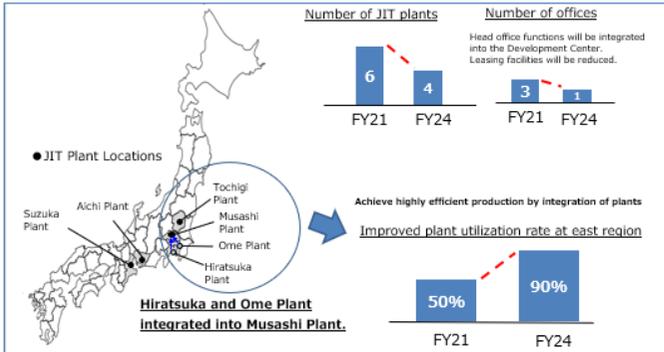
In “profit structure improvement”, we are improving efficiency and streamlining operations in Japan, North America and Latin America through reorganization of plants and offices, reduction of fixed costs, logistics efficiency improvement and functional optimization in each region.

In "Cost reduction by strengthening Monozukuri", we are thoroughly reducing costs through the activities such as "commonized frame structures", "localization of parts", "expansion of in-house production", "reducing the cost of purchased parts", and "process and quality improvement".

The progress of each initiative will be explained on the following pages.

Reorganization of plants and offices and improvement of logistics efficiency have proceeded as planned

Japan1)-① Reorganization of Plants/Offices



JIT Plant

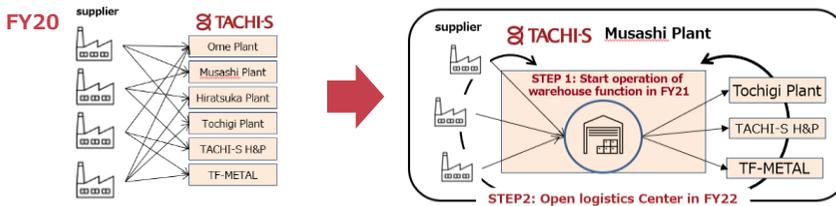
- Decided to sell Hiratsuka plant
- For gradual transfer from FY21, the plan has proceeded without delay.

Office

- Integration of offices in FY22 (Headquarters / Development center)

Japan1)-③ Logistics efficiency

- STEP1: Start operation of warehouse function in Musashi Plant in FY21
- STEP2: Open the logistics center and reduce distribution routes in FY22



I will explain the progress of improvement of the profit structure of Japan Region.

In the reorganization of plants activity, we sold the Hiratsuka Plant in FY2021.

As planned, we are promoting the transfer of production to the Musashi Plant in stages from FY2021.

In the Kanto area, where the plant utilization rate is low, we will improve the utilization rate from 50% to 90%.

We are also promoting activities to implement the integration of offices this year as planned.

For logistics efficiency, we started operating the warehouse function in Musashi Plant in FY2021.

In FY2022, we plan to operate a logistics center as planned and reduce distribution routes from suppliers and adopt milk runs.

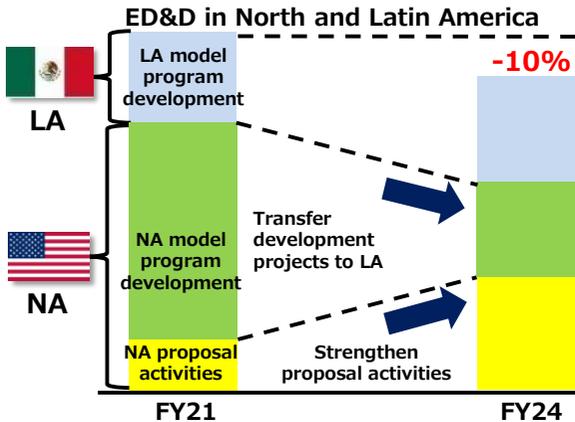
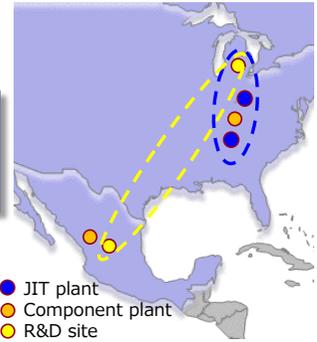
Improve efficiency by integrating development functions and SG&A functions in region and strengthen proposal activities for business expansion

NA1)-④ Functional optimization in region

Integration of development functions in North and Latin America

Improve development efficiency

Strengthen proposal activities for business expansion (incl. engineering services)



- Efficiency improvement by consolidating part of NA development projects to Latin America, where the development system has been completed
- Strengthening proposal activities and expanding business in NA, where business opportunities are expanding.
- ED&D reduction of the region by 10%

Rationalization of SG&A functions

20% SG&A reduction in FY24 compared to FY21 through optimizing functions within region

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I would like to explain the progress of improvement of profit structure in North American Region.

Since the development base in Latin America, which was opened in 2012, has a sufficient development system, we will consolidate part of NA product development projects to Latin America, and improve efficiency.

On the other hand, in North America, where activities such as emerging EV manufacturers are becoming more active and business opportunities are expanding, we will strengthen our proposal activities and aim to further expand our business, including engineering services.

Even if the resources generated from these development efficiency improvements are put into new business proposal activities, the development cost of North and Latin America as a whole will be reduced by 10%.

On the other hand, regarding SG&A functions, we plan to optimize and streamline each function within NA region and reduce SG&A costs by 20% by FY24 compared to FY21.

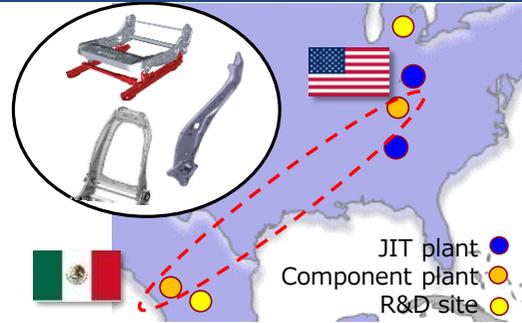
Profit improvement by functional optimization of component companies in NA and LA

NA1)-④ Functional optimization in region

Optimization of production sites by utilizing component companies in NA and LA

NA and LA each have the function of component production

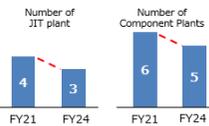
⇒ Consider optimal use of the component companies in NA and LA



Reorganization of plants, reduction of fixed costs and logistics cost reduction are being implemented as planned

LA Region1)-①②③ Reorganization of plants, reduction of fixed costs, logistics efficiency improvement

① Reorganization of plants



FY21 Results

-JIT1 plant closed
-Completed integration of one parts plant into JIT plant

② Reduction of fixed costs

-Reduction of POST by 17% due to reorganization
-16% reduction due to Headcount optimization

-Reduced number of posts by 17% as planned
-Headcount reduced by 16% as planned

③ Logistics efficiency improvement

-Milk runs (round-the-clock pickups) to increase transportation efficiency
-Improved loading efficiency by compressing parts during transportation
-Improved loading efficiency by optimizing truck size

-90% of activities completed against FY24 reduction target plan

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In terms of plant functions, we have component parts manufacturing companies in North America and Latin America, respectively, and we will improve profitability by optimizing the production workflow of these companies.

In the Latin America Region, reorganization of plants, reduction of fixed costs, and logistics efficiency improvement for FY21 are each being implemented as planned.

Implementation of cost reduction activities through commonization, localization, in-house production, rationalization and process and quality improvement

2) Cost reduction by strengthening Monozukuri

① Commonization of frame structures /

② Localization of parts

Promote localization of core parts mounted on common frames such as mechanical parts and electrical parts



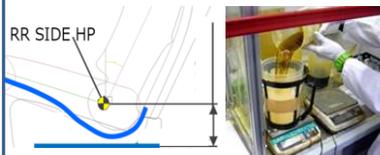
Localization in China, Mexico

Finding local suppliers

⇒ Globally expand adaptations by improving the competitiveness of commonized frame structures

③ Expansion of in-house production

Increase added value through in-house development of urethane compound



In-house development of compound for thin-type urethane

For EV/
Pursuing
comfort

④ Rationalization of purchased parts

Cost reduction activities through technical approach

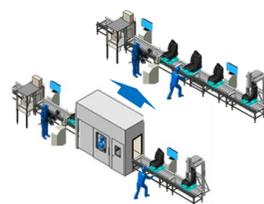


Reduction of types of fastening parts

Resin parts with low cost materials

⑤ Process and quality improvement

Thorough manufacturing by "own process completion"



Streamlining inspection processes

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I will explain our efforts to reduce costs by "strengthening Monozukuri competitiveness" in our business strategy.

Regarding the commonization of frame structures, we are promoting the localization of core parts to increase the competitiveness of the commonized frame and working to expand the application globally. Especially recliners and slide rails are being localized in China and Mexico, and activities to find local motor suppliers in China are on going.

In order to promote in-house production, especially in EV, thinner seats are required, and we are pursuing both thinning and comfort by in-house development of urethane compound to increase added value.

In parts rationalization, we are trying to integrate many types of similar fastening parts, and review the materials, grade, and plate thickness of resin parts.

In process and quality improvement, we will thoroughly analyze and pursue the error factors detected in the final inspection process, soundproofing inspection and seating inspection, to achieve "own process completion" and improve the efficiency of the inspection process.

Centering on those five perspectives, we are strengthening our Monozukuri capabilities.

Deepening by "application expansion of comunize frame structures", "development of trim cover assembly technology", "AI visual inspection"

Application expansion of comunized frame structures



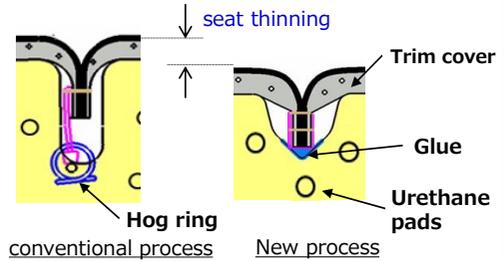
AI visual inspection



Appearance quality is currently judged by humans. AI visual inspection can realize labor saving and quality stabilization by unmanned inspection.

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Development of trim cover assembly technology



- Complex design support
- Improved seating comfort
- Thinner and lighter urethane pads for EVs
- Assembly method that reduces the burden on workers

I will explain the efforts of three Shinkhas, DX, and Carbon Neutrality for future leap in business strategy.

With "Deeping" Shinkha, we will further expand the global application of our TTK frame as a lightweight compact frame structure that is in high demand for EVs.

In the seat inspection process, AI is used to judge appearance quality currently evaluated by humans, and unmanned inspections are used to save labor and stabilize quality.

As a new assembly method, we have developed and mass-produced GlueAnchor, a unique partial adhesion method to assemble trim covers and urethane pads.

It is now possible to accommodate complex design shapes that could not be realized with conventional process and improve seating comfort performance.

This process also enables thinner and lighter urethane pads, contributing to thinner and lighter seats, which are highly demanded in EVs.

In addition, the number of parts is reduced and the assembly method is less burdensome for workers.

Adoption has started in FY22, and we aim to further expand its application globally in the future.

Seeking new interior space value for automotive seating and developing system control technology

Supporting People and the Earth through "Seating" Technology

Space producer

Value of in-vehicle experience



AI seat
("ai suru" seat=loving seat)



Relaxation/Stimulation Privacy

Space value for seating



Mobile my-room concept



All-in-one seat concept

New value of mobility



EMS
For better health



186 W
For ecology

System control technology to realize interior space and experience value
(Joint development with other industries)



Sensing



ECU

Motion



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Evolving and Renewing Shinkhas are critical initiatives to embody TACHI-S' Purpose, Supporting People and the Earth through "Seating" Technology.

For Evolving Shinkha, as an interior space producer, we study new value of mobility and in-vehicle experiences through collaboration with other industries, leading to creation of new value for interior space with a focus on seating.

One example of new value of in-vehicle experience is interpersonal communication with AI for a driver.

We are working on creation of new value such as the one to provide health benefits through mobility and the one to contribute to the global environment.

We are also developing system control technology required to realize such value.

Working to explore new business area through open innovation by leveraging the strength of TACHI-S

Supporting People and the Earth through “Seating” Technology

Promote as open innovation

■ **Safety/security:**
Senior support,
new personal mobility



■ **Healing/coziness:**
Proposal for mindfulness



■ **Comfort, individuality:**
Comfortable Spaces in
the New Normal World



■ **Sustainability/
social challenges:**
Support for working women



Enter the new field by leveraging the strength of TACHI-S

Core technologies : skeletal strength design, urethane forming,
modeling mechanism design, seating comfort
development, sewing technology

Fundamental technologies : structural mechanics, polymer materials,
CAE/CAD, material mechanics, Mechanism
dynamics, and sensory evaluation data analysis

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This is Renewing Shinkha.

Based on our Purpose and fundamental and core technologies in which the strength of the Group lies, we are promoting open innovation initiatives with an aim to contribute to a sustainable society by linking our businesses with social issues and business trends through open innovation initiatives.

New business exploration has been underway aiming to contribute to society through our technology, such as proposals for next-generation mobility to support the elderly and people without public transport access and proposals to support working women.

Three types of Shinkha – Building DX foundation - TACHI-S

Development of digital human capital through company-wide education and Monozukuri activities connected with data

FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Building DX foundation (Digitization/Connected with data)				Value creation through DX (Digitalization/Digital Transformation)					

“Development of Digital Human Capital” **Digitization**

<Company-wide education>
Continuous educational activities to all employees for the company-wide DX promotion
→Self-transformation by incorporating programming contents

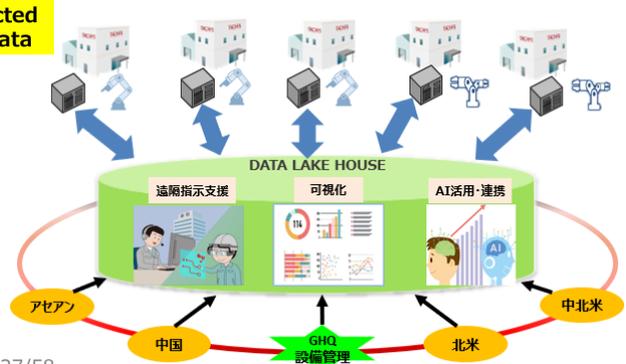
<Practical training for digitization>
Digitization trainings by DX Promotion Team utilizing IT tools



“Centralized management by facility management system” **Connected with data**
(Scheduled to begin operation in FY23)

<Global facility monitoring>

- Production status data available anywhere to provide directions remotely
- Predictive maintenance



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As part of our efforts to build a foundation for DX, TACHI-S is working to achieve the state in which everything is connected with data by 2024 so that necessary data can be retrieved by necessary people at necessary times.

We continue company-wide DX education that started last year in FY22 and enhance it by incorporating programming contents for each TACHI-S person to promote DX achieving self-transformation. The DX Promotion Team is leading the digitization efforts by providing practical training while making full use of IT tools.

By connecting with data, we are promoting centralized management by facility management system, which enables to monitor the production status of global facilities and control operation from anywhere with IoT.

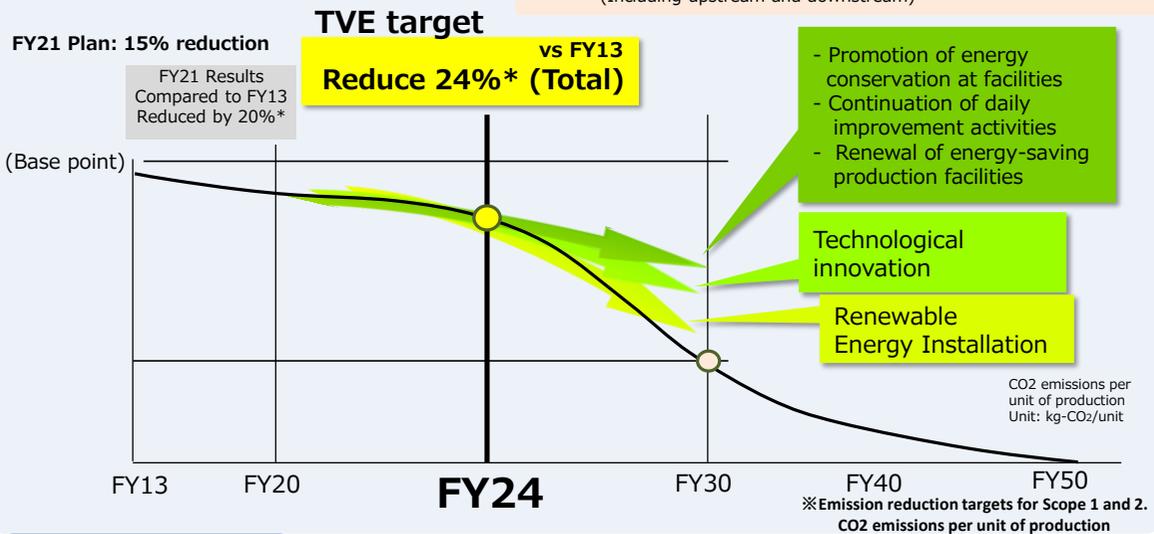
In addition, the DX Promotion Team is leading the digitization initiative, providing practical training by making full use of IT tools.

We also shift from preventive and breakdown maintenance to predictive maintenance based on facility data so as to establish global facility monitoring.

Reduce CO₂ emission by 20% in FY21 (vs FY13)
Promotion of target setting on a global basis including group companies

Initiatives in Japan

Scope 1: Direct emissions from company-owned and controlled resources
Scope 2: Indirect emissions from the consumption of electricity
Scope 3: All indirect emissions excluding those of Scope 1 and 2 (Including upstream and downstream)



Global targets

To be set by the end of FY22, considering TCFD risk analysis and targets by country.

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In carbon neutrality initiatives, we have reduced CO₂ emission per unit by 20% in FY21 comparing to the FY13 level by putting a focus on energy-saving activities.

Being on pace to exceed our planned 15% reduction, we are continuing our efforts to achieve a 24% reduction in FY24.

In addition to those initiatives in Japan, to promote Scope 3 initiatives and global activities including overseas group companies, we will set our global CO₂ emission targets by the end of FY22, taking into account TCFD Risk Analysis and targets by country.

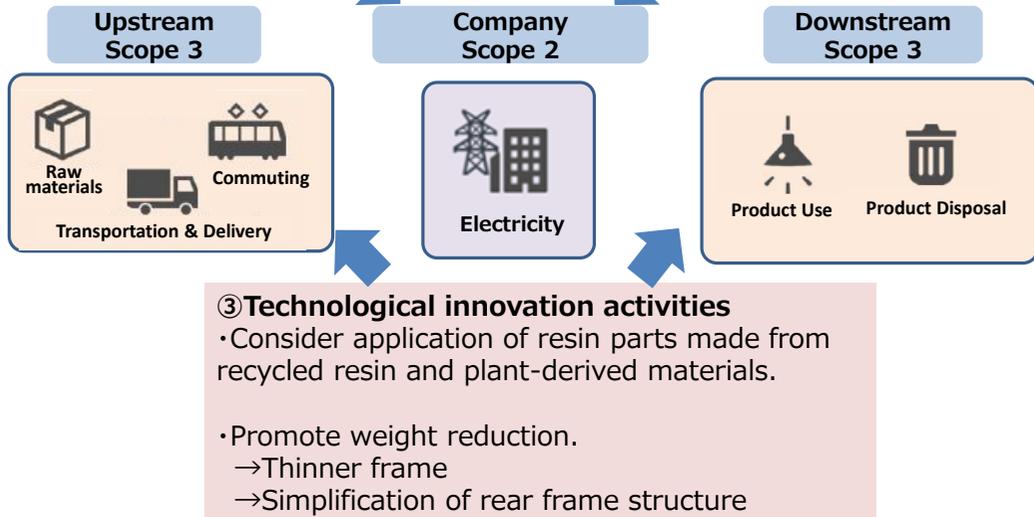
Saving energy, introducing renewable energy and promoting technological innovation

① Energy saving

Visualize standby power and reduce waste in electricity consumption.

② Renewable energy

Introduced at 2 sites. Scheduled to be introduced at 4 sites in FY22.



Created by TACHI-S based on Green Value Chain Platform "Supply-chain emissions" by Ministry of the Environment (https://www.env.go.jp/earth/ondanka/supply_chain/gvc/estimate_tool.html#no00) 29/58

These are our main activities for Carbon Neutrality.

In the promotion of energy saving, we have introduced a system at plants to visualize standby power to reduce waste in electricity consumption.

In the area of renewable energy, we have introduced solar power generation systems at our development center in Japan and sewing plant in China.

In FY22, we will introduce the system to three plants in Japan and the regional headquarters and development center in Mexico to cover their power consumption.

In technological innovation activities, we have expanded our activities to Scope 3, examining resin parts made from recycled resin and plant-derived raw materials and promoting weight reduction with thinner frames and simplification of rear frame structure. We are working on carbon neutrality initiative including for upstream and downstream processes.

FY2021 Financial Results

FY2022 Financial Forecast

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

- Business Strategy
- **Financial and Capital Strategies**
- Corporate Governance

Shareholder Return

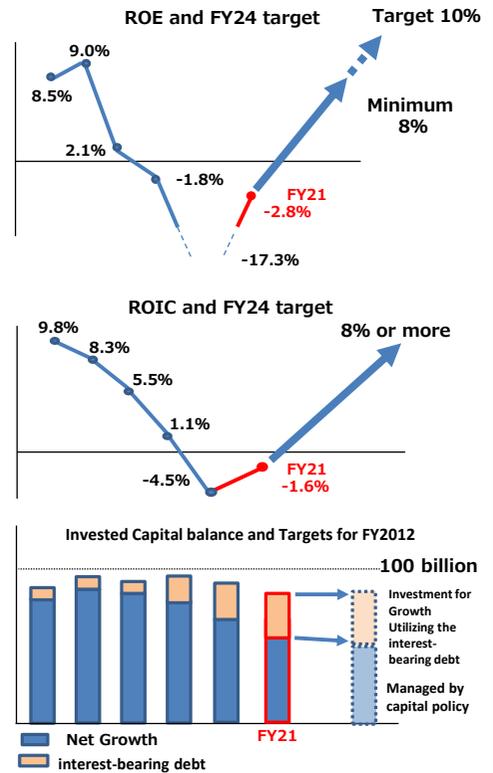
Now, I would like to explain financial and capital strategies.

ROE FY21 result -2.8%

- Progress made in improving profit structure, but **operating income/loss deteriorated more than initially expected due to lower sales.**
- **Hiratsuka Plant sold** as part of plant reorganization
- **Reduced policy shareholdings** in accordance with company policy
- **FY21 dividend paid at 3% DOE as planned**

ROIC FY21 result -1.6%

- Progress made in improving profit structure, but **operating income/loss deteriorated more than initially expected due to lower sales.**
- Results of equity method affiliates improved by **0.3 billion yen**
- **D/E ratio increased** from 0.23 to 0.32 in FY20 for invested capital.



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Unfortunately, in the financial capital strategy, ROE and ROIC were -2.8% and -1.6%.

As mentioned in the financial results presentation, the main reason for this was non-achievement of operating income. However, even under such circumstances, we carried out activities aimed at improvement, including the sale of the Hiratsuka Plant as part of our domestic business reorganization and the sale of our strategic shareholdings in five companies in accordance with our policy stockholding management policy.

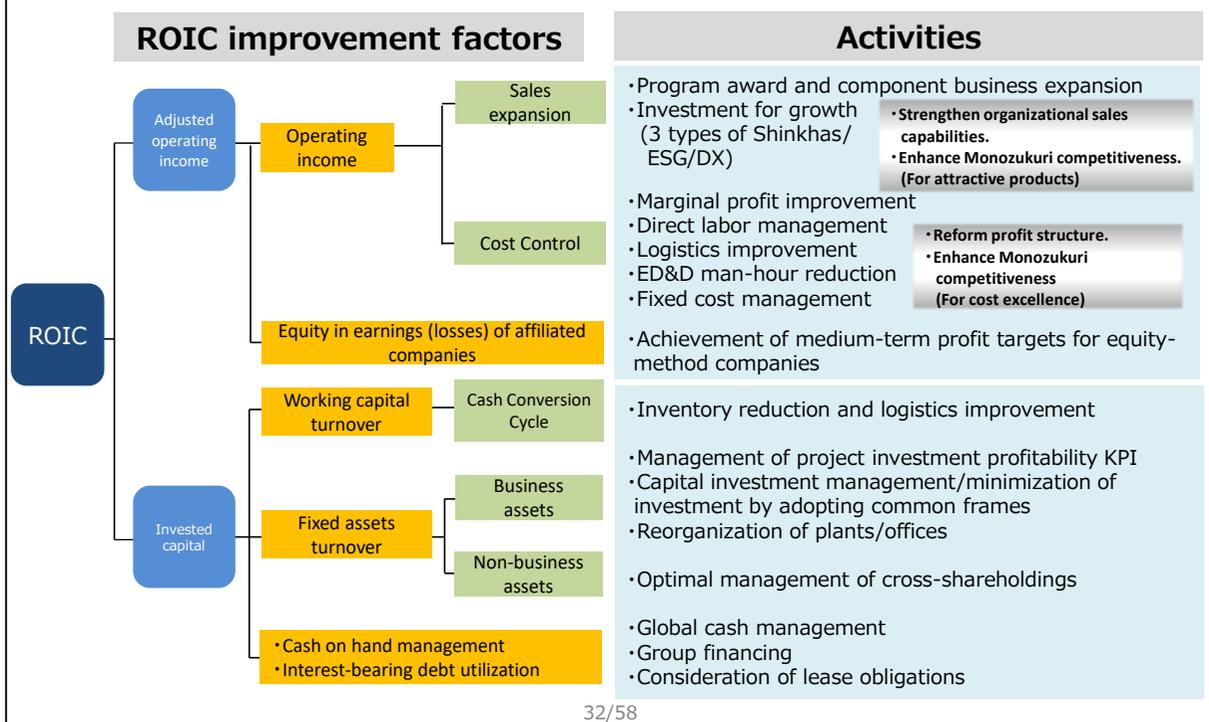
The Board of Directors also resolved to implement the dividend policy at 3% DOE as planned in the mid-term plan.

In ROIC improvement activities, equity in earnings of affiliates improved by 0.3 billion yen compared to the same period last year.

In addition, we executed debt financing while appropriately managing business stability and liquidity risks amid a challenging business environment.

As a result, in terms of invested capital, the ratio of interest-bearing debt to equity capital is 0.32 times, and the company is utilizing interest-bearing debt.

Improve capital efficiency, establishing management aware of capital costs by managing ROIC improvement factors linking to each activity



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In our financial and capital strategies, TACHI-S has adopted ROIC as a key management indicator to achieve ROE target.

We are striving to improve capital efficiency, establishing management aware of capital costs by managing ROIC improvement factors linking to each activity.

In order to expand sales, we put a great importance on program award activities, component business expansion, and growth investments.

We are working on creation of attractive products through enhancement of organizational sales capabilities and Monozukuri competitiveness.

In cost management, we enhance cost excellence by reforming our profit structure and increasing Monozukuri competitive edge to improve marginal profit and reduce direct labor cost.

In Cash Conversion Cycle, inventory reduction and improvement in logistic are underway.

For business assets, we manage capital investment and investment profitability for each project and minimize capital investment by adopting common frames.

As for non-business assets, we examine the appropriateness of the purpose of cross-shareholdings and economic rationale. As a result of such verification, it is determined individually which stock to be hold.

We will achieve the ROE target by managing each of these activities linking to the ROIC improvement factors.

FY2021 Financial Results

FY2022 Financial Forecast

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

- Business Strategy
- Financial and Capital Strategies
- **Corporate Governance**

Shareholder Return

Next is corporate governance.

Approaches to 7 items explained in the Corporate Governance Report

Principles/ supplementary principles	Items	Approaches
2.3.1	Addressing sustainability issues positively and proactively	<ul style="list-style-type: none"> ➢ The Board develops a basic sustainability policy. <ul style="list-style-type: none"> ● Review the current “CSR concept” from the sustainability perspective. ● Hold discussions and conduct supervision at the Board to ensure the appropriate allocation of management resources in the initiatives below. ➢ Sustainability issues and initiatives. <ul style="list-style-type: none"> ● Set up the ESG Promotion Office to promote ESG initiative. (April, 2022) ● Announce support for the TCFD recommendations. (May, 2022) ● Identify the following risks and profit-making opportunities in the ESG Promotion Committee. <ul style="list-style-type: none"> ✓ Environment ✓ Human capital development ✓ Maintaining a sustainable society ● Report on the activities of the ESG Promotion Committee and the Risk Management Committee to the Board, and hold discussions at the Board.
3.1.3	Disclosing the company’s initiatives on sustainability	
4.2.2	The board developing a basic policy for the company’s sustainability initiatives	

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This shows our corporate governance items and approaches.

In the Corporate Governance Report, we explain seven items.

Out of which, three items are related to sustainability.

The Board will review the basic policy, and discuss and supervise these items to ensure the appropriate allocation of management resources to each activity.

Specifically, in order to accelerate ESG initiatives, we have newly set up the ESG Promotion Office in April this year under the direct control of the President and this office takes the lead in promoting ESG activities. We will make disclosures in line with TCFD recommendations in the future.

Although not yet included in the Corporate Governance Report, we announced our support for the TCFD recommendations this month.

Approaches to 7 items explained in the Corporate Governance Report

Principles/ supplementary principles	Items	Approaches
1.4	Cross-shareholdings	<ul style="list-style-type: none"> ➢ Cooperative relationships with various stakeholders are essential for an automotive parts manufacturer to survive global competition and continue to grow sustainably in the future. We will continue cross-shareholdings that we believe are necessary for our business to a reasonable extent, but will change the number of shares, including reducing them, in line with renewing and innovating our business. ➢ Continuously be aware of asset efficiency in light of the challenge target ROE of 10% (FY24), and manage to keep our cross-shareholdings below 10% of consolidated net assets.
4.10.1	Involvement and advice from independent directors in relation to nominations and remuneration, etc.	<ul style="list-style-type: none"> ➢ A majority of the Human Resources and Remuneration Committee members is to be Outside Directors. (June, 2022) ➢ Change the composition of the committee to be chaired by an Outside Director. (June, 2023)
4.11	Preconditions for board and auditor board effectiveness	<ul style="list-style-type: none"> ➢ An evaluation of the effectiveness of the Board was conducted with an involvement of a third party. The results and issues for improvement were reported at the Board held in March 2022, and the Board discussed improvement measures and the improvement process has been started.
4.11.1	Disclosing the combination of skills, etc. that each director possesses	<ul style="list-style-type: none"> ➢ A “skills matrix” was identified after a deliberation at the Human Resources and Remuneration Committee. ➢ Start disclosure with the Notice of Convocation of the Ordinary General Meeting of Shareholders (Business Report) in June 2022.

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To be complied
in June 2022

With regard to Principle 1.4, “Cross-shareholdings”, in order for us to continue to grow sustainably as an independent auto parts manufacturer, we believe that cooperative relationships with various stakeholders are essential.

While we continue cross-shareholdings to a reasonable extent, we will change the number of shares, including reducing them, in accordance with renewing and evolving Shinkha in our business.

With the challenge target of 10% ROE, we are constantly aware of asset efficiency and manage our cross-shareholdings to be less than 10% of consolidated net assets.

In the fiscal year ended March 31, 2022, we sold all shares of five stocks (totaling 1,482 million yen), reducing the balance of cross-shareholdings to 9.3% of consolidated net assets as of March 31, 2022.

Regarding Supplemental Principle 4.10.1, after this year's Annual General Meeting of Shareholders, the majority of the members of the Human Resources and Remuneration Committee is to be outside directors. In the next fiscal year, the Committee is to be chaired by an Outside Director.

For Principle 4.11, an evaluation of the effectiveness of the Board was conducted with an involvement of a third party, and the results and issues were reported at the Board held in March of this year.

Improvement measures were discussed for the issues identified and the improvement process has been started.

Regarding Supplemental Principle 4.11.1, a “skills matrix” was identified after a deliberation at the Human Resources and Remuneration Committee.

We will start disclosing it with the Business Report in the Notice of Convocation of the Ordinary General Meeting of Shareholders in June this year. Therefore, the Corporate Governance Report to be submitted after the General Meeting of Shareholders will indicate that this item is “Complied”.

FY2021 Financial Results

FY2022 Financial Forecast

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

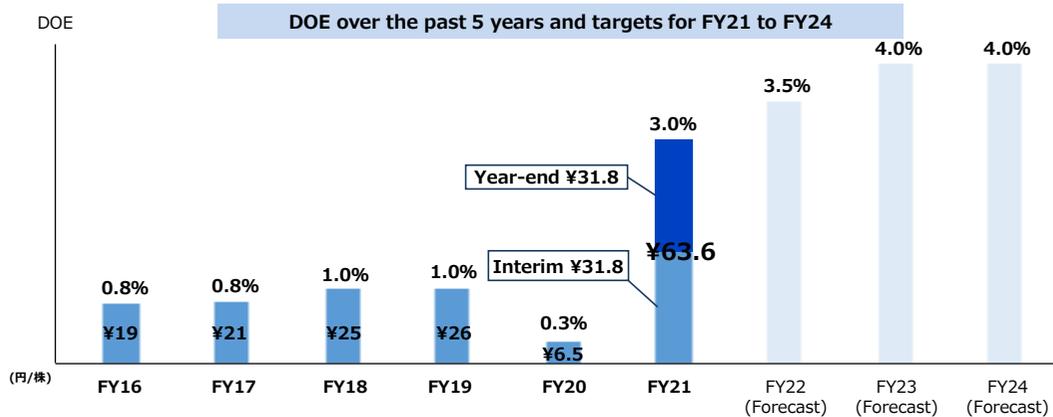
- Business Strategy
- Financial and Capital Strategies
- Corporate Governance

Shareholder Return

Lastly, let me turn to shareholder return.

Dividends : DOE 3-4% for FY2021 – FY2024

- Dividend On Equity ratio (DOE) is applied as a financial indicator for dividends.
- Proactive approach to shareholder return based on comprehensive consideration of cash flow, sound financial base over the medium to long term, and other factors.



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TACHI-S adopts DOE as a financial indicator for dividend and aims to increase DOE to 3-4 % from FY2021 to FY2024.

Year-end dividend for FY2021 is 31.8 yen per share.

63.6 yen per share to be paid for the full year, including interim dividend of 31.8 yen, which is an increase of 57.1 yen comparing to the previous year.

Supporting People and the Earth
through “Seating” Technology



Global Seat System Creator

Cautionary Statement

This document contains forward-looking statements 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.

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This concludes my presentation for TACHI-S FY2021 Financial Results, FY2022 Financial Forecast and the progress of Medium-term Business Plan.

Although various changes in the business environment are continued to be expected in FY22, TACHI-S will steadily implement the Medium-term Business Plan and achieve sustainable growth.

Your continued understanding and cooperation will be appreciated.

Thank you very much for your attention.

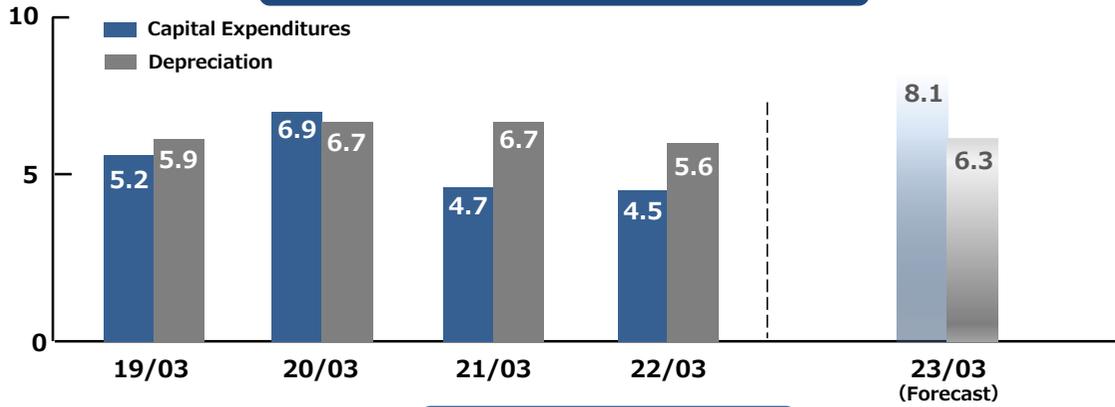
Appendix

Capital Expenditures, R&D and Depreciation cost (consolidated)



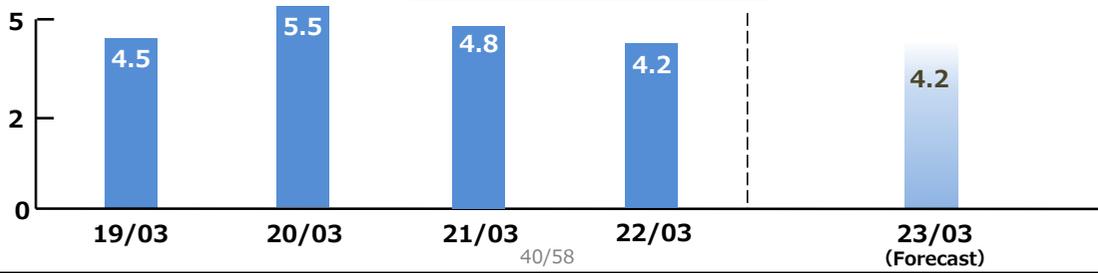
(Unit: billion yen)

Capital Expenditures & Depreciation



(Unit: billion yen)

R & D



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	FY2021												FY2022		
	4月	5月	6月	7月	8月	9月	10月	11月	12月	1月	2月	3月			
Japan	VANETTE (M)					GT-R (M)				ARIYA					
		DUTRO (M)				DYNA (M)				FAIRLADY Z(M)		HINO EV (M)			
									OUTLANDER						
Americas					FRONTIER (FRAME)										
China				X-TRAIL						Premium SUV		e:NS1			
									SYLPHY E-POWER FRM						

●NISSAN ●HONDA/ACURA ●MITSUBISHI ●Toyota/Hino ●OTHERS

NISSAN ARIYA Complete Seat



SOP: November 2021
Production Site: Tochigi onsite



Dongfeng Honda e:NS1 Complete Seat



SOP: March 2022
Production company: Wuhan Dongfeng TACHI-S Yanfeng Automotive Seating Co., Ltd



※Company name changed from April 2022
Former company name : Wuhan Dongfeng TACHI-S Adient Automotive Seating Co., Ltd.
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Quality improvements with team effort evidenced by customer awards

From NISSAN



Japan Regional Quality Award

2nd consecutive year



TACHI-S Co., Ltd.

China Regional Quality Award



TACHI-S Lear DFM Automotive Seating (Xiangyang) Co., Ltd.



Excellent Supplier Award



Zhengzhou Taixin Interior Co., Ltd.



Best Supplier Award



Zhengzhou Dongfeng Lear Taixin Automotive Seating Co., Ltd.



Regional Supplier Quality Award

3rd consecutive year



TACHI-S Automotive Seating (Thailand) Co., Ltd.

Quality improvements with team effort evidenced by customer awards

From HONDA



Excellence in Delivery and Quality Award

3rd consecutive year



SETEX Automotive Mexico, S.A. DE C.V.

From GAC Mitsubishi-Motors



Quality Award

2nd consecutive year



Hunan TACHI-S Automotive Seating Co., Ltd.

Region Topics (Social contribution for community) & TACHI-S



Donated medical aprons utilizing experiences in manufacturing automotive trim covers



Nui Tec Corporation



Donated 4 welding robots to 3 universities in Mexico for students in the engineering field



TACHI-S Mexico



Conducted Christmas campaign donating presents for local children



TACHI-S Brasil



Provided food and learning support to the needy in society



TACLE Guangzhou Automotive Seat Co., Ltd.

30th year anniversary

 TACHI-S Mexico



20th year anniversary

 TechnoTrim, Inc.
(Monclova plant in Mexico)

 ZHENGZOU TAIXIN INTERIA CO., LTD.



10th year anniversary

 TACHI-S CHINA CO., LTD.

 ZHENGZHOU DONGFENG LEAR TAIXIN
AUTOMOTIVE SEATING CO., LTD.

 ZHEJIANG FU CHONG TAI AUTOMOTIVE PARTS
CO., LTD.

 TACHI-S (Thailand) Co., Ltd.



Exchange Rate

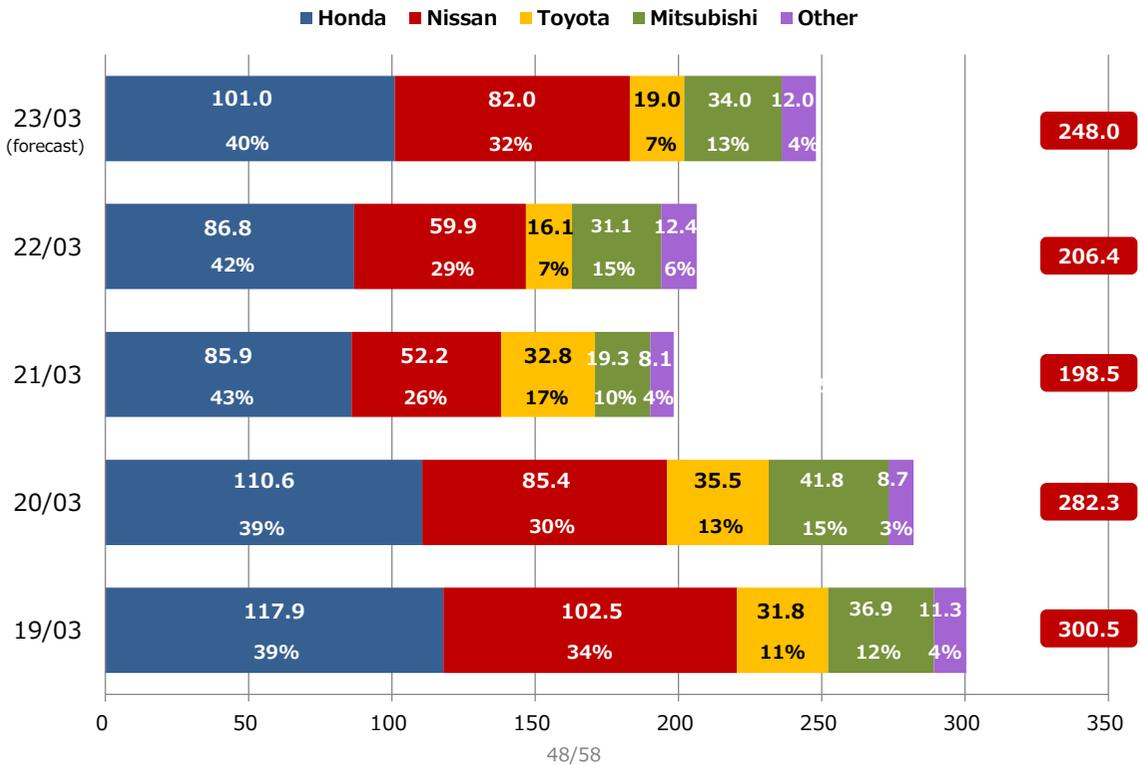


(Unit: yen)

	19/03	20/03	21/03	22/03	23/03 (forecast)
USD	109.18	109.13	105.79	112.06	125.00
MXN	5.73	5.65	5.02	5.38	6.00
EUR	122.00	121.27	123.22	130.54	136.50
RMB	16.31	15.86	15.41	16.94	19.00

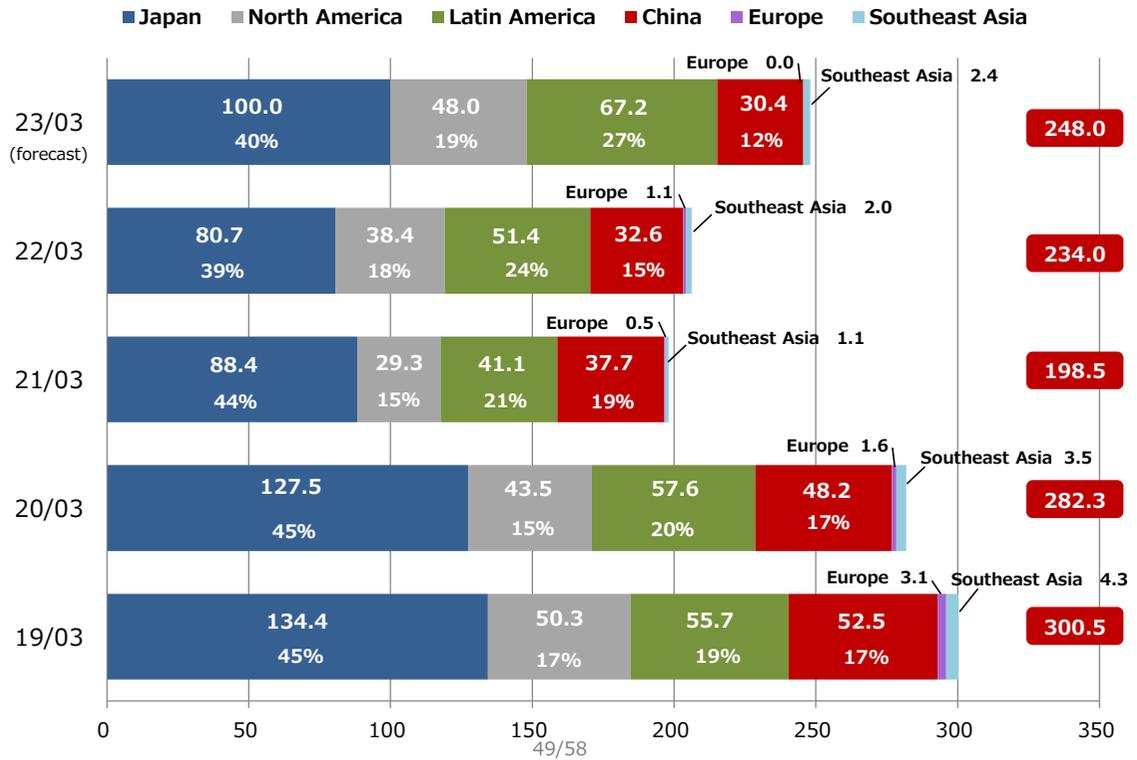
Net Sales by Customer (Consolidated)

(Unit: billion yen)



Net Sales by Region (Consolidated)

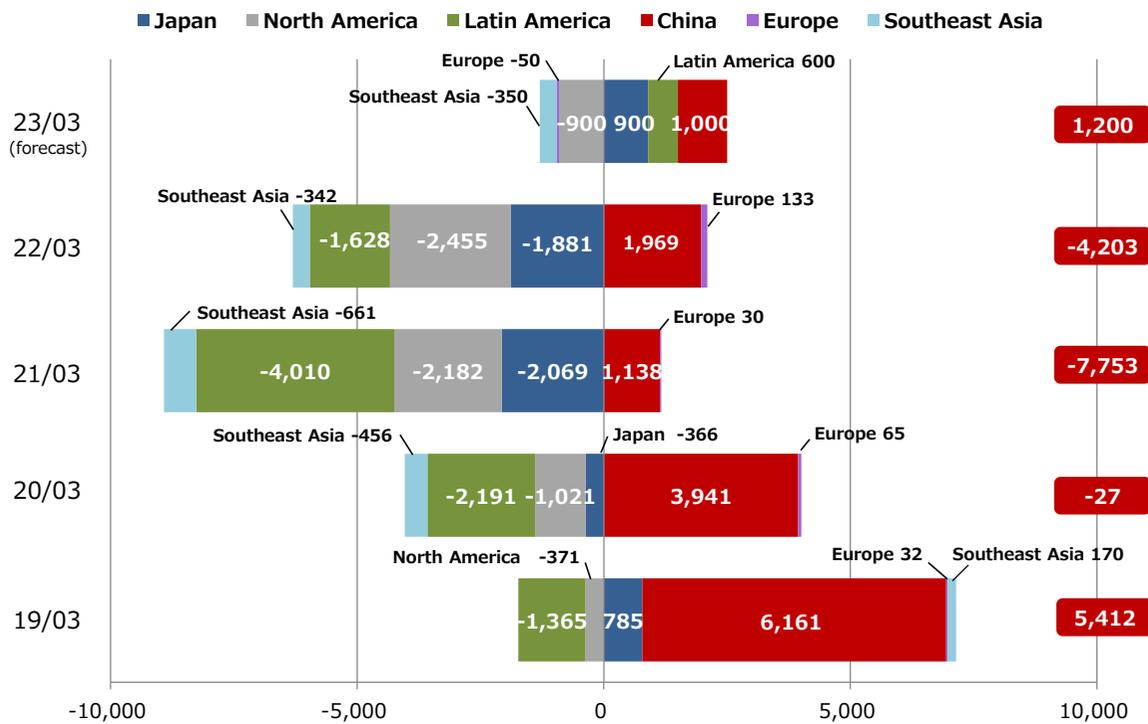
(Unit: billion yen)



Operating Income by Region (Consolidated)



(Unit: million yen)

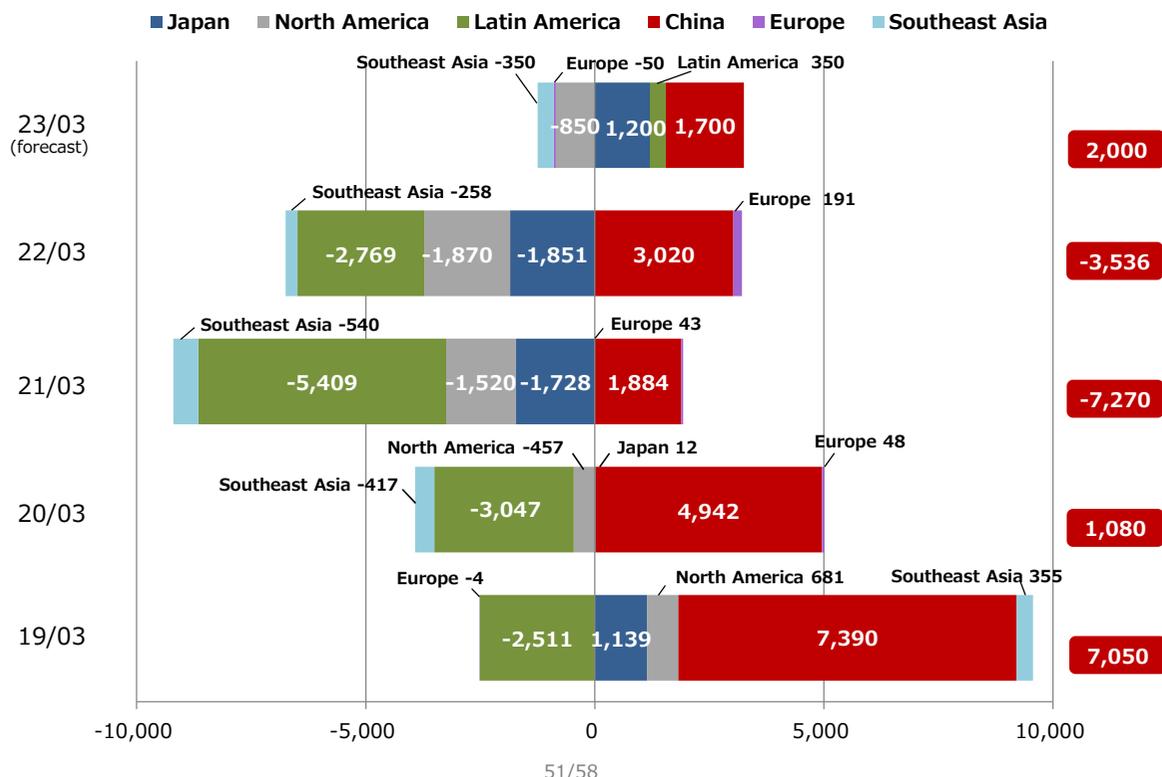


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Ordinary Income by Region (Consolidated)



(Unit: million yen)



As of the end of March 31, 2022

Business site	Established	Location	Business Contents	Major Customers
Head Office	April, 1954	Akishima-shi, Tokyo	Administration	
Technical Monozukuri Center	April, 2012	Ome-shi, Tokyo	Sales, Purchasing, R&D, Production, Testing, Quality assurance etc..	
Technical Center Aichi	August, 1999	Anjo-shi, Aichi	Sales, Purchasing, R&D	
Aichi Plant	April, 1977	Anjo-shi, Aichi	Manufacturing of automotive seats and parts	TOYOTA, Mitsubishi, TOYOTA BOSHOKU
Musashi Plant	January, 1980	Iruma-shi, Saitama	Manufacturing of automotive seats and parts	HONDA
Ome Plant	April, 1969	Ome-shi, Tokyo	Prototype Manufacturing of automotive seats and parts	Hino, TOYOTA BOSHOKU, UD Trucks, TOYOTA MOTOR EAST JAPAN
Tochigi Plant	February, 1982	Shimotsuke-shi, Tochigi	Manufacturing of automotive seats and parts	NISSAN, NHK Spring, Hino
Hiratsuka Plant	July, 1982	Hiratsuka-shi, Kanagawa	Manufacturing of automotive seats and parts	NISSAN SHATAI
Suzuka Plant	October, 1984	Suzuka-shi, Mie	Manufacturing of automotive seats	HONDA

TACHI-S Group Companies (Japan)

Company	Established	Location	Business Contents	Equity participation	Capital	Major Customers	Scope of consolidation
TF-METAL Co., Ltd.	May, 2017	Kosai-shi, Shizuoka	R&D/manufacturing/sales of automotive seat parts	100.0%	50 million yen	TACHI-S, ADIENT, SUZUKI	1
Nui Tec Corporation	July, 2006	Ome-shi, Tokyo	Manufacturing of automotive seats and trim covers	100.0%	325 million yen	TACHI-S, TOYOTA BOSHOKU TOHOKU	1
TACHI-S H&P Co., Ltd.	April, 1961	Ome-shi, Tokyo	Manufacturing/sales of springs, automotive seat parts and medical beds	100.0%	40 million yen	TACHI-S, TF-METAL and other non automotive manufacturers	1
Kinryo Kogyo Co.,Ltd.	February, 1976	Miyako-gun, Fukuoka	Manufacturing/sales of automotive seats and parts	25.0%	100 million yen	TACHI-S, ADIENT	2
TF-METAL Iwata Co., Ltd.	October, 1986	Iwata-shi, Shizuoka	Manufacturing/sales of automotive seat parts	(100.0%)	15 million yen	TF-METAL, NHK Spring	1
TF-METAL Kyushu Co., Ltd.	July, 1985	Nakatsu-shi, Oita	Manufacturing/sales of automotive seat parts	(100.0%)	10 million yen	TF-METAL, Fujikiko	1
TF-METAL Higashi Mikawa Co., Ltd.	October, 1986	Shinshiro-shi, Aichi	Manufacturing of automotive seat parts	(100.0%)	10 million yen	TF-METAL	1

1. Consolidated subsidiary

6 Companies

2. Consolidated affiliate

1 Company

3. Unconsolidated subsidiary
TACHI-S Service Co., Ltd.

TACHI-S Group Companies (North America)



Company	Established	Location	Business Contents	Equity participation	Capital	Major Customers	Scope of consolidation
TACHI-S Engineering U.S.A., Inc.	July, 1986	Michigan, U.S.A .	Sales/R&D/business administration in North America	100.0%	43 million USD		1
TF-METAL Americas Corporation	July, 2000	Michigan, U.S.A .	Business administration/R&D in Americas	*(100.0%)	0 million USD		1
SETEX, Inc.	September, 1987	Ohio, U.S.A.	Manufacturing/sales of automotive seats	*(51.0%)	5 million USD	HONDA (U.S.A.), ADIENT	1
TACHI-S Automotive Seating U.S.A., LLC	December, 2005	Tennessee, U.S.A.	Manufacturing/sales of automotive seats	*(100.0%)	22 million USD	NISSAN (U.S.A.)	1
TechnoTrim, Inc.	November, 1986	Michigan, U.S.A .	Manufacturing/sales of automotive seat trim parts	*(49.0%)	0 million USD	Major automotive seat manufacturers in North America including TACHI-S group companies	2
TF-METAL U.S.A., LLC	March, 2004	Kentucky, U.S.A.	Manufacturing/sales of automotive seat parts	*(100.0%)	10 million USD	TAS-U.S.A., TACHI-S Mexico, ADIENT	1
TACHI-S Canada, Ltd.	September, 2004	Nova Scotia, Canada	Business administration in Canada	*(100.0%)	12 million CAD		1

* (including subsidiaries' equity)

1. Consolidated subsidiary

6 Companies

2. Consolidated affiliate

1 Company

E4/EO

TACHI-S Group Companies (Latin America / Europe)



Company	Established	Location	Business Contents	Equity participation	Capital	Major Customers	Scope of consolidation
TACHI-S Engineering Latin America, S. A. de C. V.	May, 2012	Aguascalientes, Mexico	R&D/business administration in Latin America	*(100.0%)	2,184 million MXN		1
Industria de Asiento Superior, S.A. de C.V. (TACHI-S Mexico)	April, 1991	Aguascalientes, Mexico	Manufacturing/sales of automotive seats and seat parts	*(100.0%)	26 million USD	NISSAN (Mexico)	1
SETEX Automotive Mexico, S. A. de C. V.	September, 2012	Guanajuato, Mexico	Manufacturing/sales of automotive seats	*(95.0%)	24 million USD	HONDA (Mexico)	1
TF-METAL Mexico, S.A. de C.V.	June, 2012	Aguascalientes, Mexico	Manufacturing/sales of automotive seat parts	*(100.0%)	27 million USD	TACHI-S Mexico, TF-METAL U.S.A., Faurecia	1
TACHI-S Brasil Industria de Assentos Automotivos Ltda.	August, 2012	Rio de Janeiro, Brazil	Manufacturing/sales of automotive seats	*(100.0%)	275 million BRL	NISSAN (Brazil)	1
TACHI-S Engineering Europe S.A.R.L.	October, 2004	Meudon-La-Forêt, France	Sales/R&D in Europe, manufacturing/sales of automotive seat parts	100.0%	23 million EUR	ADIANT, Magna, NISSAN (Spain)	1

1. Consolidated subsidiary

6 Companies

* (including subsidiaries' equity)

TACHI-S Group Companies (China-1)

Company	Established	Location	Business Contents	Equity participation	Capital	Major Customers	Scope of consolidation
TACHI-S China Co., Ltd.	October, 2011	Guangdong, China	Sales/R&D/business administration in China	100.0%	259 million RMB		1
TACHI-S Engineering Zhengzhou Co., Ltd.	December, 2015	Henan, China	R&D in China	*(100.0%)	75 million RMB		3
TACLE Guangzhou Automotive Seat Co., Ltd.	November, 2004	Guangdong, China	Manufacturing/sales of automotive seats	51.0%	66 million RMB	Dongfeng NISSAN	1
Hunan TACHI-S Automotive Seating Co., Ltd.	July, 2012	Hunan, China	Manufacturing/sales of automotive seats	*(51.0%)	40 million RMB	GAC Mitsubishi Motors	1
TACHI-S Lear DFM Automotive Seating (Xiangyang) Co., Ltd.	July, 2013	Hubei, China	Manufacturing/sales of automotive seats	*(51.0%)	30 million RMB	Dongfeng NISSAN	1
Zhengzhou Taixin Interior Co., Ltd.	July, 2001	Henan, China	Manufacturing/sales of automotive seats	50.0%	11 million RMB	Chery Automobile, Zhengzhou NISSAN	2
Wuhan Dongfeng TACHI-S Adient Automotive Seat Co., Ltd.	June, 2008	Hubei, China	Manufacturing/sales of automotive seats	50.0%	43 million RMB	Dongfeng HONDA	1
Lear DFM TACHI-S Automotive Seating (Dalian) Co., Ltd.	August, 2013	Liaoning, China	Manufacturing/sales of automotive seats	*(49.0%)	50 million RMB	Dongfeng NISSAN	2
Zhengzhou Taizhixin Automotive Seating Co., Ltd.	June, 2019	Henan, China	Manufacturing/sales of automotive seats and seat parts	(49.0%)	90 million RMB		4

* (including subsidiaries' equity)

1. Consolidated subsidiary:/	5 Companies	2. Consolidated affiliate	2 Companies	3. Equity-method non-consolidated subsidiary	1 Company	4. Unconsolidated affiliate	1 Company
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TACHI-S Group Companies (China-2)

Company	Established	Location	Business Contents	Equity participation	Capital	Major Customers	Scope of consolidation
Lear Dongshi TACHI-S Automotive Seating (Wuhan) Co., Ltd.	November, 2019	Hubei, China	Manufacturing/sales of automotive seats	*(34.0%)	50 million RMB	Dongfeng NISSAN	4
TACHI-S Trim Guangzhou Co., Ltd.	September, 2005	Guangdong, China	Manufacturing/sales of automotive seat trim parts	100.0%	38 million RMB	TACHI-S, TACLE Guangzhou	1
TACHI-S Trim Wuhan Co., Ltd.	October, 2013	Hubei, China	Manufacturing/sales of automotive seat trim parts	*(100.0%)	35 million RMB	Wuhan TACHI-S, Lear DLT TACHI-S (Xiangyang)	1
Zhejiang TACHI-S Automotive Parts Co., Ltd.	January, 2012	Zhejiang, China	Manufacturing/sales of automotive seat frame parts	*(82.8%)	142 million RMB	TACHI-S, TSE-E, TAS-U.S.A.	1
TF-METAL Guangzhou Co., Ltd.	January, 2005	Guangdong, China	Manufacturing/sales of automotive seat parts	*(85.0%)	40 million RMB	TACLE Guangzhou, TF-METAL	1
TF-METAL Zhejiang Co., Ltd.	December, 2019	Zhejiang, China	Manufacturing/sales of automotive seat parts	*(82.8%)	251 million RMB	TACHI-S	1
Zhejiang Fu Chong Tai Automotive Parts Co., Ltd.	March, 2011	Zhejiang, China	Manufacturing/sales of automotive seat parts	*(82.8%)	109million RMB	Zhejiang TACHI-S, TSE-E, TAS-Thailand	1

* (including subsidiaries' equity)

1. Consolidated subsidiary 6 Companies 4. Unconsolidated affiliate 1 Companies

TACHI-S Group Companies (Southeast Asia)



Company	Established	Location	Business Contents	Equity participation	Capital	Major Customers	Scope of consolidation
TACHI-S (Thailand) Co., Ltd.	September, 2011	Bangkok, Thailand	Business administration in Southeast Asia and India	100.0%	771 million THB		1
TACHI-S Automotive Seating (Thailand) Co., Ltd.	April, 2010	Bangkok, Thailand	Manufacturing/sales of automotive seats and seat parts	100.0%	153 million THB	NISSAN (Thailand) Mitsubishi (Thailand)	1
TACHI-S Engineering Vietnam Co., Ltd.	January, 2013	Ho Chi Minh, Vietnam	R&D in Vietnam	100.0%	31,026 million VND		2
APM TACHI-S Seating Systems Vietnam Co., Ltd.	November, 2016	Da Nang, Vietnam	Manufacturing/sales of automotive seats	*(51.0%)	56,567 million VND	Tan Chong Industrial Equipment Vietnam	2
APM TACHI-S Seating Systems Sdn. Bhd.	February, 2013	Selangor, Malaysia	Manufacturing/sales of automotive seats	*(49.0%)	5 million MYR	Tan Chong Motor Assemblies, Mitsubishi (Malaysia)	4

* (including subsidiaries' equity)

1. Consolidated subsidiary 2 Companies 2. Unconsolidated subsidiary 2 Companies 4. Unconsolidated affiliate 1 Company