FY2019 Second Quarter Financial Result

TACHI-S

From April 1, 2019 through March 31, 2020

TACHI-S CO.,LTD.

November 7, 2019

At the AUTO SHANGHAI 2019

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TACHI-S

FY2019 2Q Financial Result

FY2019 Financial Forecast

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Disparity between consolidated forecast and actual results (2020/03 2Q)

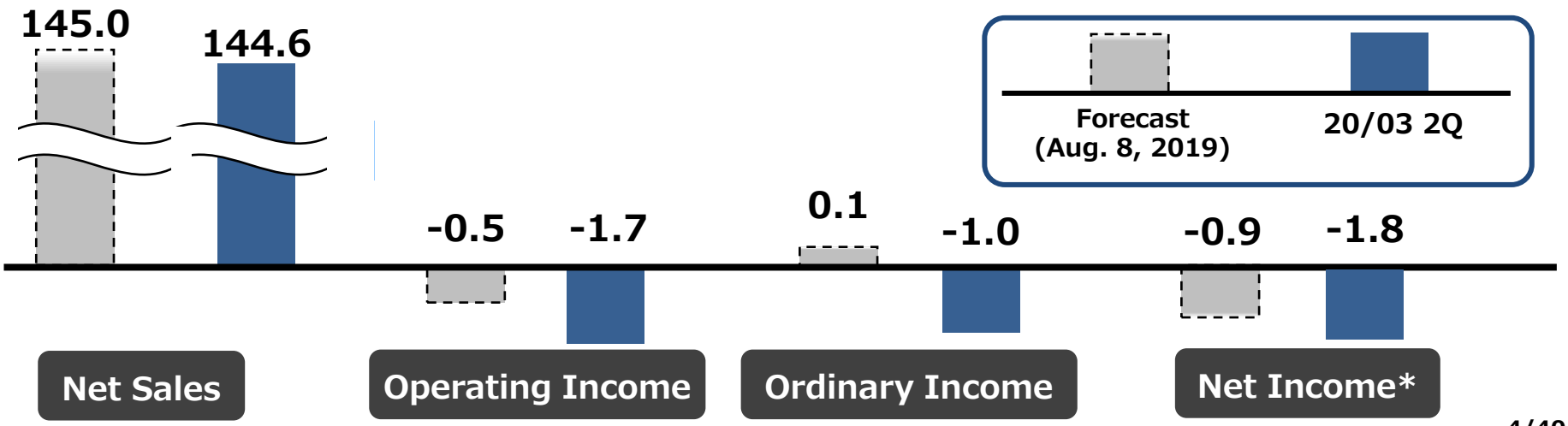
TACHI-S

The disparity has occurred between the consolidated forecast released on August 8, 2019, and the actual results

Reasons for disparity
Mainly slower recovery actions at Japan and Latin America resulted in the performance deterioration

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

	Forecast released on Aug. 8, 2019	2020/03 2Q	Change	Change(%)
Net Sales	145.0	**1,44.6**	-0.3	-0.2
Operating Income	-0.5	**-1.7**	-1.2	–
Ordinary Income	0.1	**-1.0**	-1.1	–
Net Income*	-0.9	**-1.8**	-0.9	–



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

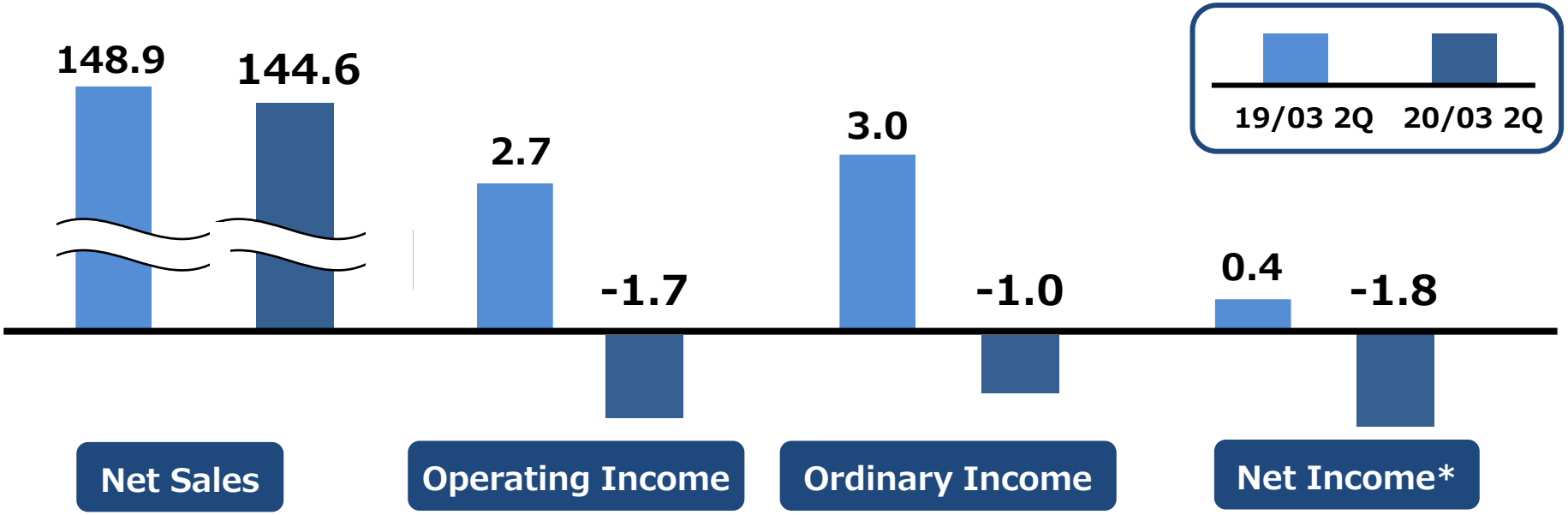
FY2019 2Q Financial Result
(Consolidated)

TACHI-S

vs. previous year

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

	2019/03 2Q	2020/03 2Q	Change	Change(%)
Net Sales	148.9	**144.6**	-4.2	-2.9
Operating Income	2.7	**-1.7**	-4.5	–
Ordinary Income	3.0	**-1.0**	-4.0	–
Net Income*	0.4	**-1.8**	-2.3	–



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

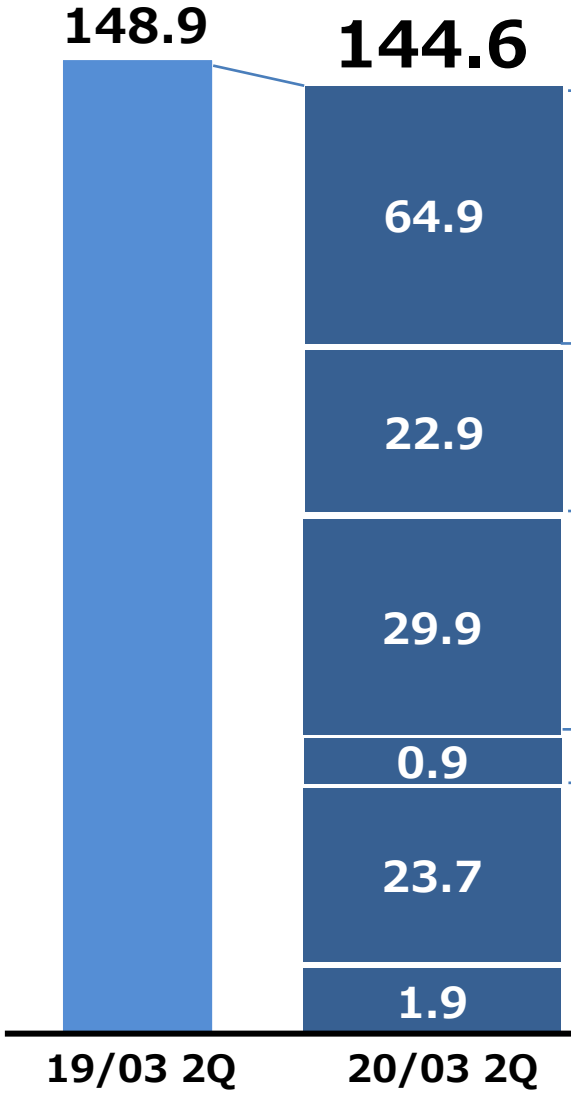
Analysis of Increase / Decrease
(Consolidated)

TACHI-S

vs. previous year

Net Sales

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



Region	Change	Change(%)
Japan	+0.2	+0.4%
North America	-2.2	-8.9%
Latin America	+0.9	+3.2%
Europe	-0.6	-38.0%
China	-2.6	-10.0%
Southeast Asia	+0.0	+0.5%

Exchange Rate			
	19/03 2Q	USD=¥109.48	RMB=¥17.11
	20/03 2Q	USD=¥109.18	RMB=¥16.31

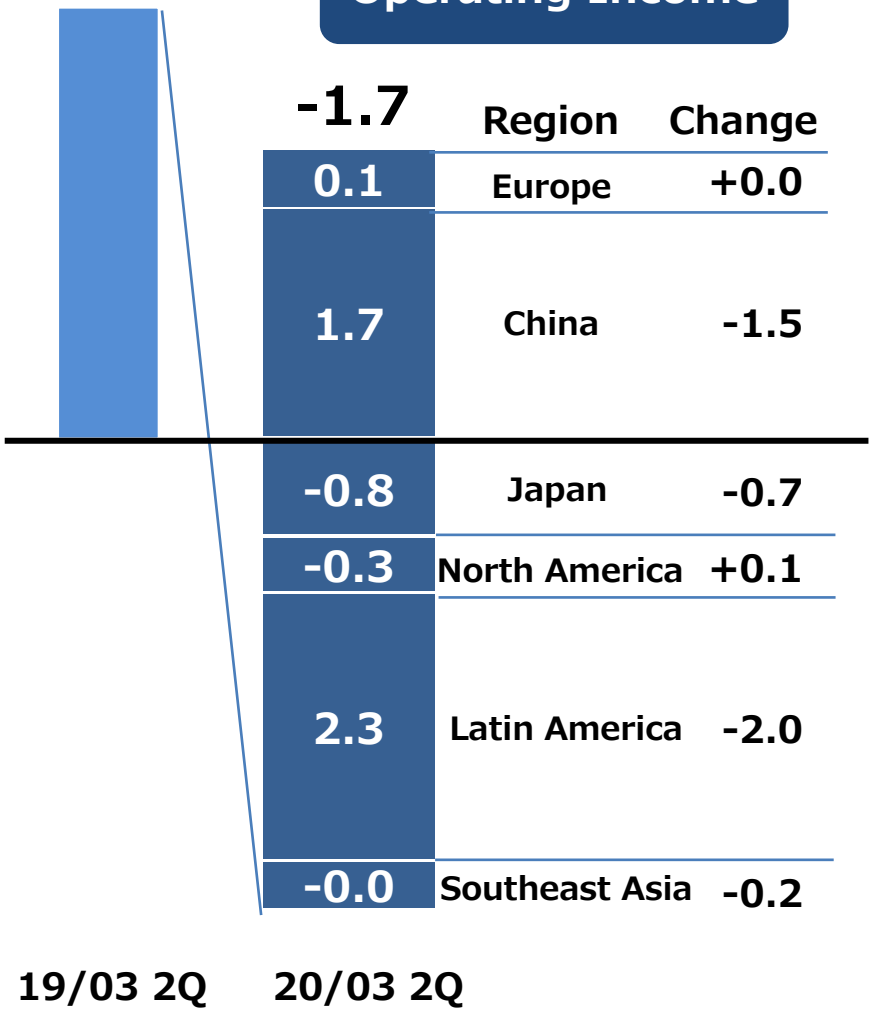
Analysis of Increase / Decrease
(Consolidated)

TACHI-S

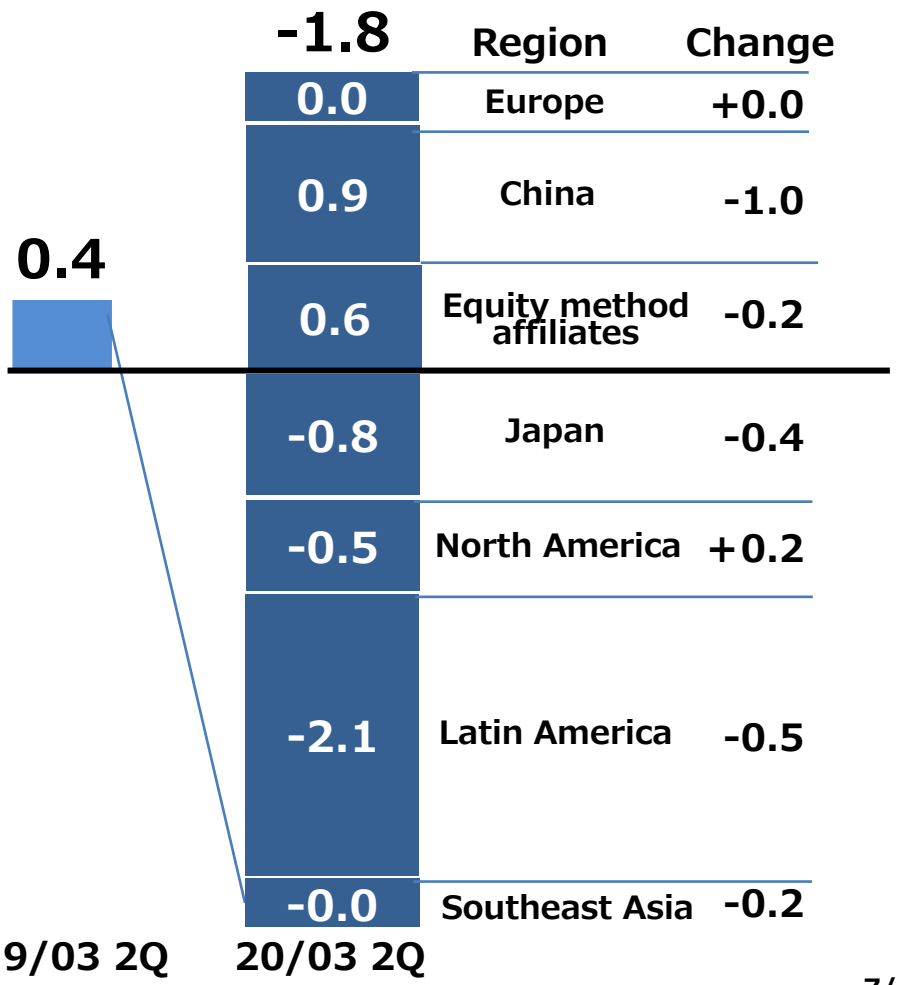
vs. previous year

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

Operating Income



Net Income*



Topics

Global Teamwork 2020

TACHI-S

◆ TACHI-S ’16-’20 Management Strategy

Global Teamwork 2020

Improve Corporate Value with Global One Team, making us a Continuously Selected Company based on 'TRUST' by our Customers

Global Teamwork 2020 Objective and Key Actions

TACHI-S

Objectives

■Build a Solid Business Base that Enables Sustainable Achievement of Goals (*) for Vision GC177 in 2020

* Quality No. 1, Operating Income 7% Global Share 7%

■Expand Sales: + 30%

■Achieve Benchmark Monozukuri Cost

Transformation areas

Global Business Expansion

Sales Power

Monozukuri Capability

Business Bases (Foundation)

Strengthen corporate governance

New Model Launch

TACHI-S

New Models/Minor Model Changes in FY2019

	2019												2020		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Japan	Fairlady Z (MY20)			GTR (MY20)	Skyline Coupe(MY20)		Skyline Sedan(MY20)			Clarity FCV (MY20)					
							RVR(MY20)								
	Clarity(MY19)				N-WGN		Outlander (MY20)		Freed Freed+(MY20)						
USA						TLX (MY20) Limited Edition									
								Murano(MY20)							
Mexico						Versa									
Brasil															
China		Qashqai (MY19)		Emgrand EV (MY19)		XR-V(MY19)			X-NV	Kicks(MY20)					
			Karry KX63							X90					
	New Emgrand (MY19)			New Emgrand RS (MY19)			Venucia D60(EV)		Venucia T60(MY19)						
ASEAN										Outlander (MY20) (Vietnam)					

※MY : Minor Change Model Year

● NISSAN/VENUCIA ● HONDA/ACURA ● MITSUBISHI ● CHERY ● GEELY

Global Business Expansion | Sales Power | Monozukuri Capability | Strengthen corporate governance

New Model Launch

TACHI-S

Honda N-WGN Seat (Driver/passenger seat)

Start of Production: June, 2019

Production Site: Suzuka Plant (Japan)

1. Commonization of the basic structure of front seat frame with N-BOX
2. Realization of the high-quality seating comfort that you wouldn't expect from a Kei car by improving the properties of trim cover materials/urethane

Mexico NISSAN Versa Seat

Start of Production: June, 2019

Production Site: TACHI-S Mexico

1. Adoption of TTK frame based on KICS for the basic structure of front seat frame
2. Side air bag-equipped rear seats according to the market requirements

China Production: New Models

TACHI-S

Wuhan Dongfeng Honda X-NV Seat (FR)

Start of Production: September, 2019

Production Site: Wuhan TACHI-S Adient Automotive Seating Co., Ltd.

1. The first EV developed by Dongfeng HONDA
2. Realization of the same level of the seating comfort and safety devices including SAB as those of HONDA XR-V, through adopting the styling adjusted to the region based on the original model

Chinese local car manufacturer SUV 2nd Seat

Start of Production: May, 2019

Production Site: Zhengzhou Taixin Interior Co., Ltd.

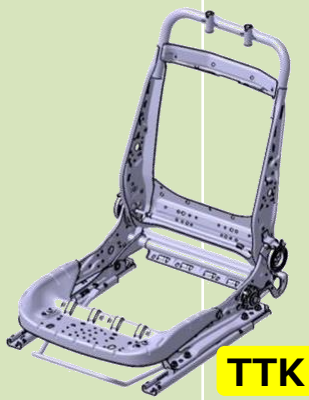
1. Captain seat concept to differentiate from similar models. Adoption of relaxing rear seats
2. Realization of an inexpensive model through maximizing commonization with the same front seat frame

Evolving/Deepening Frame Business

TACHI-S

TACHI-S has been and will be strengthening the development capability, improving the processing technology, and reinforcing the supply structure through collaboration with other companies

2005 | 2010 | 2015 | 2020 | 2025



TTK1 2012~

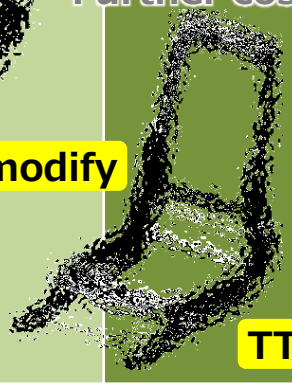
- Improve performance against whiplash/side impact, Pursue lighter frame/cost reduction
- Adopt new mechanism, Unify PWR&MNL structure

TTK2 2016~

- Adopt new process method/new mechanism
- Reduce weight with new material
- Cost reduction

TTK2 Modify 2020~

- Adopt laser welding (LW)
- Improve mechanism parts
- Further cost reduction



TTK-X 2022~

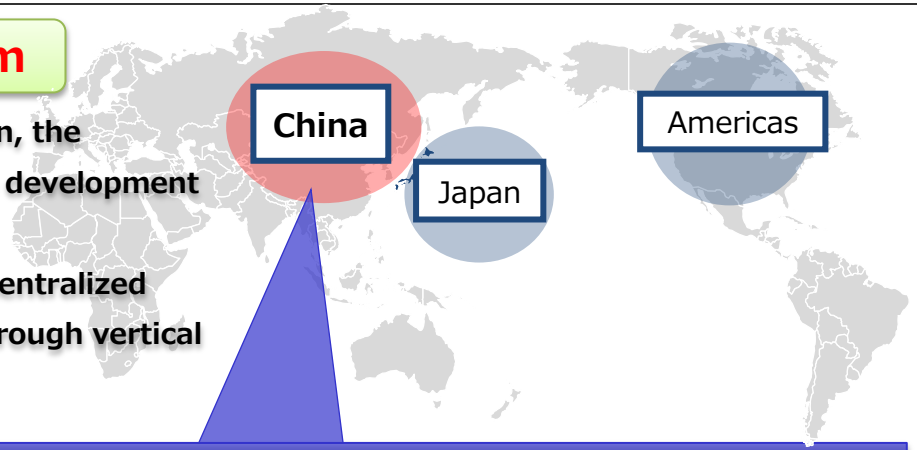
Next Generation Front frame

Initiatives to enhance the frame business

TACHI-S

Build a global network of seat frame system

With the synergistic effects of the group centering around Japan, the Americas, and China, we will seamlessly conduct business from development to production, and realize the improvement of quality and cost competitiveness, the enhancement of operational effects with centralized management, and the reinforcement of proposal capabilities through vertical integration on a global basis.



In order to enhance the frame business in China region, a new company will be built in Zhejiang, China, by combining frame and mechanism subsidiaries

Role of the new company

- To be the center of frame business in China
- To supply frame parts and mechanical parts to China and worldwide
- To be a central production site for next-generation frames in the future

Seat Frame System

Seat Frame development	Frame parts Stamping/Welding/ Assembly/ Production
Mechanical component development (TF-METAL)	Mechanical parts Stamping/Welding/ Assembly/ Production

Equity relationship after transfer of holdings (planned for December 2019)

TACHI-S Group — 82.8%

Hsin Chong International Investment Limited — 17.2%

TF-METAL Zhejiang Co., Ltd.

Restructuring of Subsidiaries

- 100.0% — **Zhejiang TACHI-S Automotive Parts Co., Ltd.** — seat frame
- 100.0% — **TF-METAL Guangzhou Co., Ltd.** — frame mechanical parts

Customer Award

TACHI-S

TACHI-S won the No.1 seat quality award for consecutive 2 years at USA market research* by J.D. Power

MITSUBISHI Outlander Sports (Japanese version of RVR)

Production sites: Aichi Plant (Japan)

※ 2 consecutive years

Mass Market Compact SUV/MPV segment

No.1

(among 30 target models)

NISSAN Maxima

Production sites: TACHI-S Automotive Seating U.S.A., LLC

Mass Market Midsize/Large Car segment

No.1

(among 19 target models)

* J.D. Power 2019 U.S. Seat Quality and Satisfaction Study

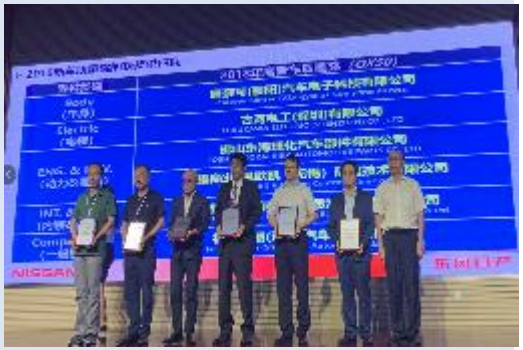
> Go to News Release

Outcomes from our team efforts for quality improvement

From NISSAN

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

Zhengzhou Dongfeng Lear Taixin Automotive Seating Co., Ltd. (China)



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

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FY2019 Financial Forecast
(Consolidated)

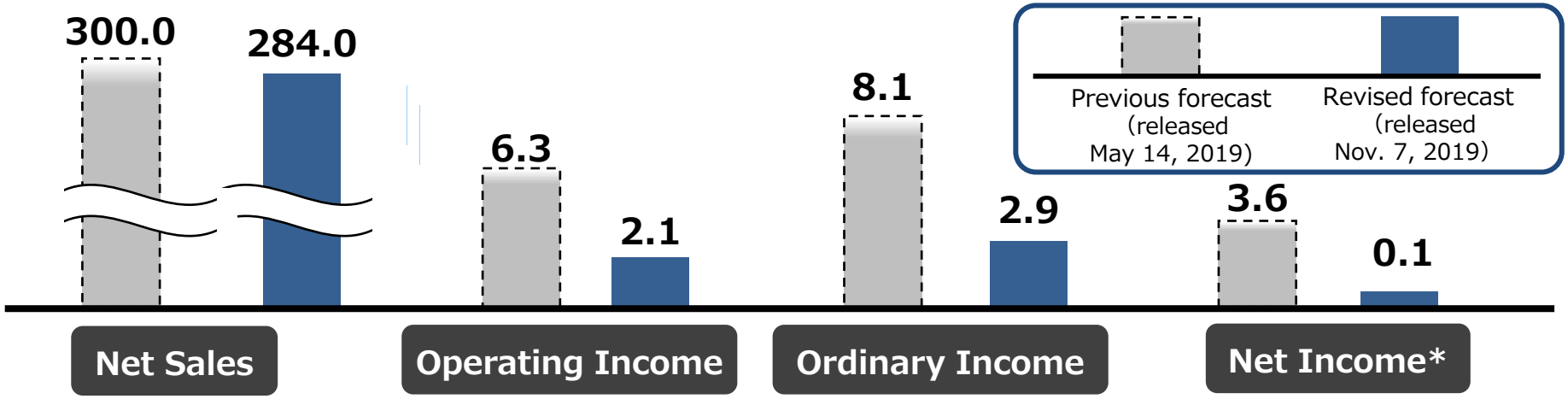
TACHI-S

Revised forecasts of financial results that were released on May 14, 2019.

Reasons for revision
We foresee revenues and profits to be lower than the forecasts previously released due to a slump of sales in Americas and China, in addition to the slower recovery actions in the first half of the fiscal year.

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

	Previous forecast (released May 14, 2019)	Revised forecast	Change	Change(%)
Net Sales	300.0	**284.0**	-16.0	-5.3
Operating Income	6.3	**2.1**	-4.2	-66.7
Ordinary Income	8.1	**2.9**	-5.2	-64.2
Net Income*	3.6	**0.1**	-3.5	-97.2



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

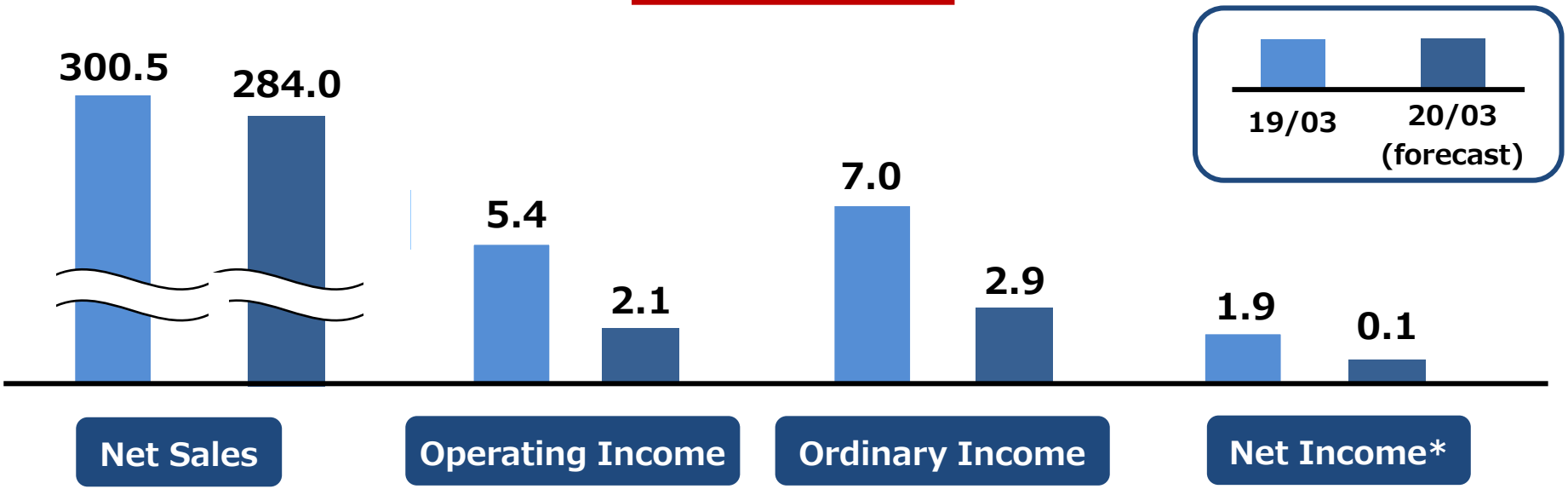
FY2019 Financial Forecast
(Consolidated)

TACHI-S

vs. previous year

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

	2019/03	(Forecast) 2020/03	Change	Change(%)
Net Sales	300.5	**284.0**	-16.5	-5.5
Operating Income	5.4	**2.1**	-3.3	-61.2
Ordinary Income	7.0	**2.9**	-4.1	-58.9
Net Income*	1.9	**0.1**	-1.8	-94.9



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

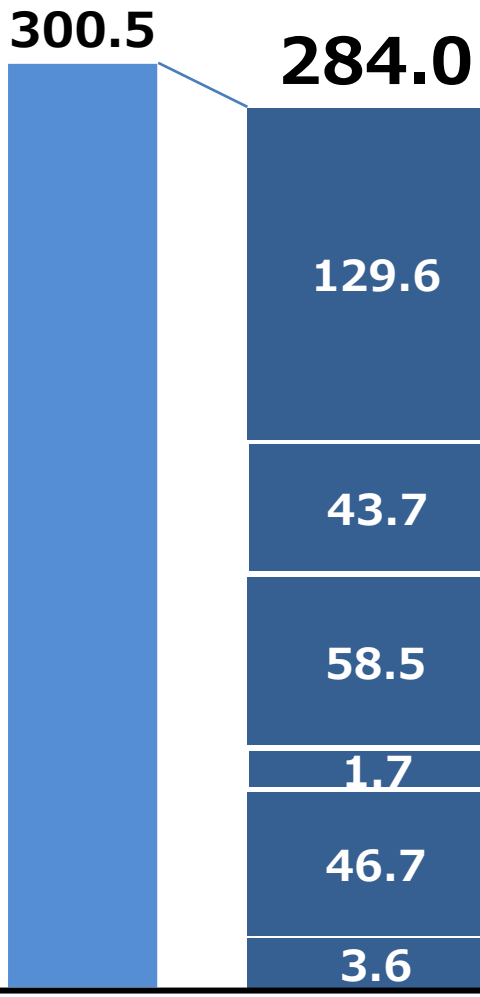
Analysis of Increase / Decrease
(Consolidated)

TACHI-S

vs. previous year

Net Sales

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



Region	Change	Change(%)
Japan	-4.7	-3.6%
North America	-6.6	-13.2%
Latin America	+2.7	+4.9%
Europe	-1.3	-43.9%
China	-5.8	-11.1%
Southeast Asia	-0.6	-15.5%

Exchange Rate			
	19/03	USD=¥110.67	RMB=¥16.74
	20/03	USD=¥107.00	RMB=¥15.50

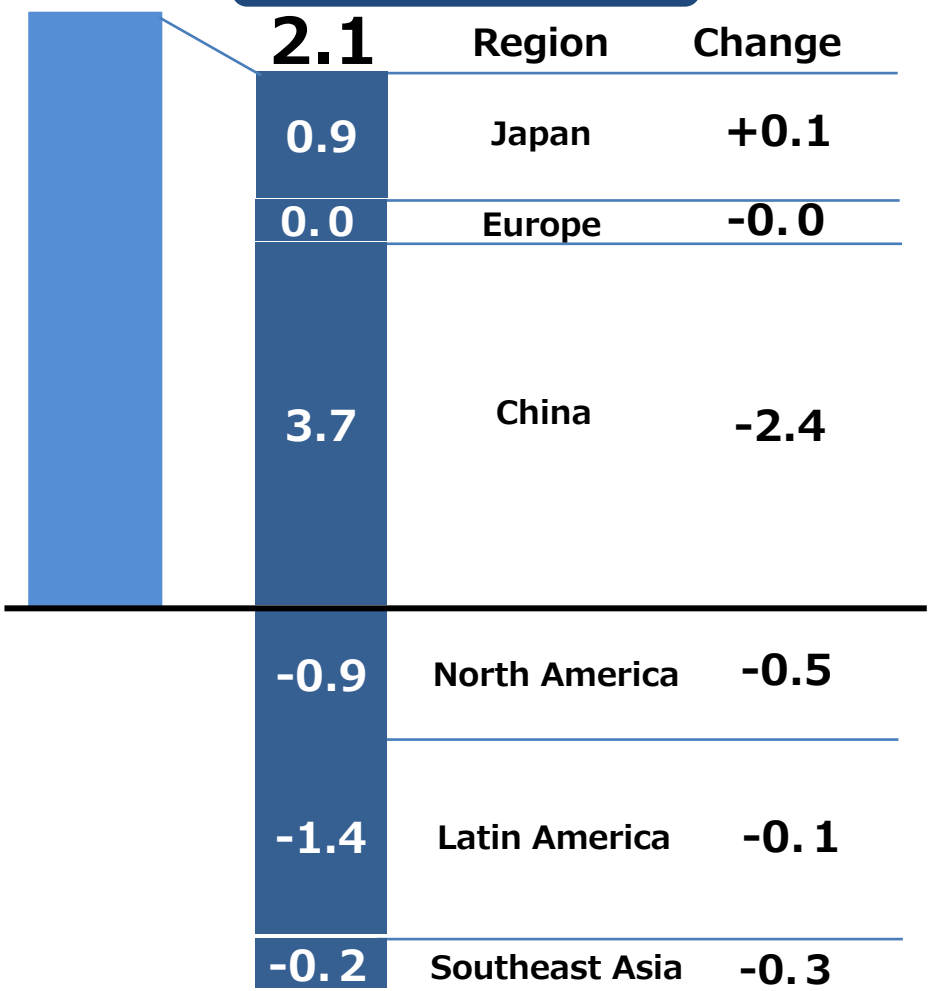
Analysis of Increase / Decrease
(Consolidated)

TACHI-S

vs. previous year

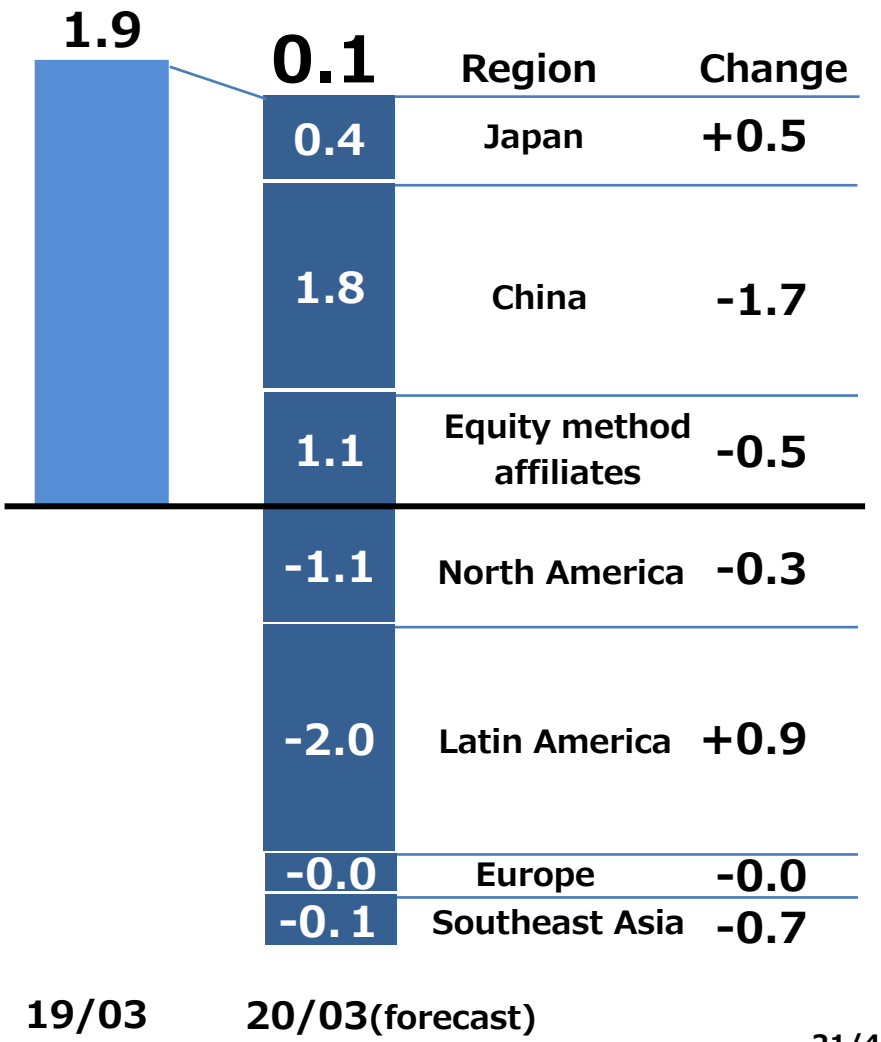
(Unit: billion yen)
(Amounts are rounded down)

Operating Income



Region	Change
Japan	+0.1
Europe	-0.0
China	-2.4
North America	-0.5
Latin America	-0.1
Southeast Asia	-0.3

Net Income*



Region	Change
Japan	+0.5
China	-1.7
Equity method affiliates	-0.5
North America	-0.3
Latin America	+0.9
Europe	-0.0
Southeast Asia	-0.7

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

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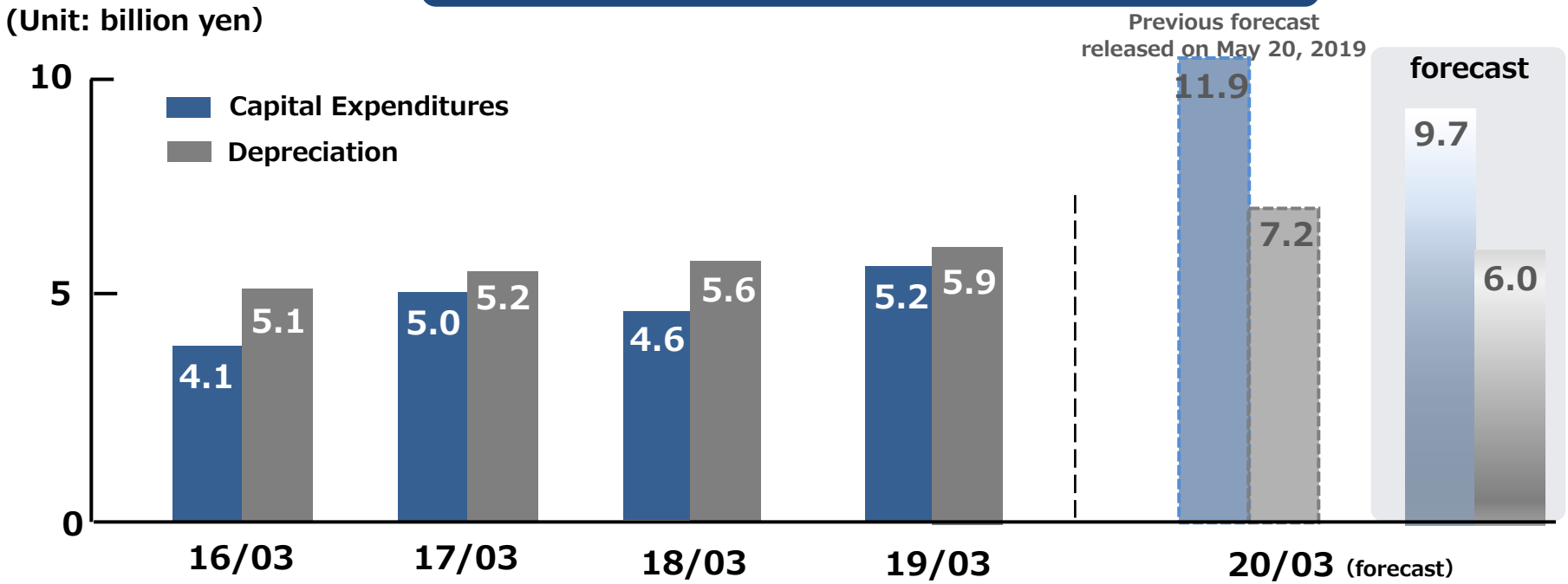
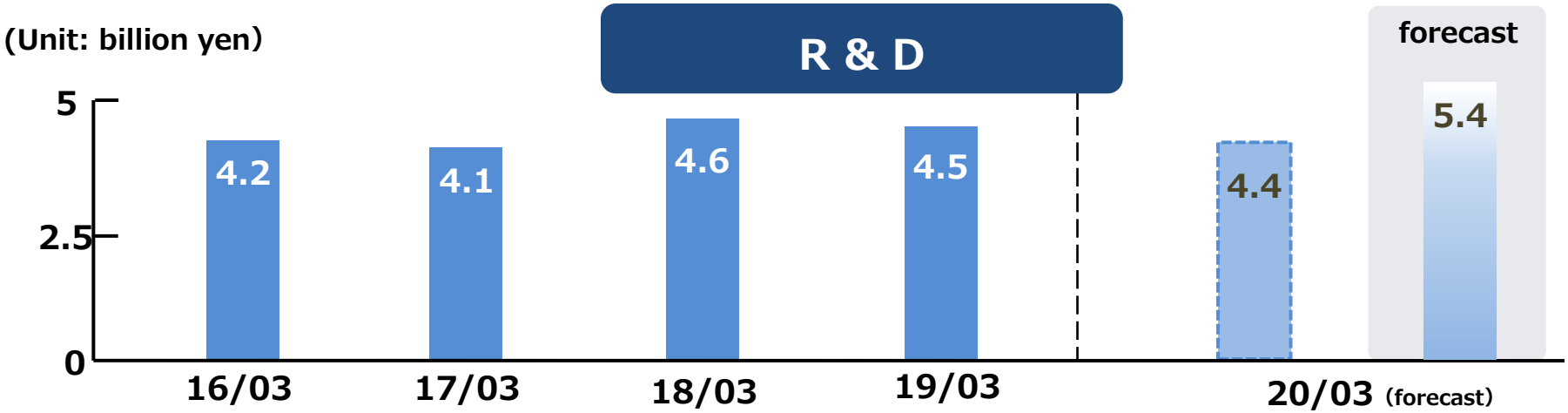
Capital Expenditures, R&D and Depreciation cost (consolidated)

TACHI-S

Capital Expenditures & Depreciation



R & D



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FY2019 2Q Financial Result

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Capital Expenditures

Dividend

Dividend Policy

TACHI-S has long believed that returning profits by improving corporate value is an important management issue, and has made stable dividend payments under the current dividend policy.
We have decided to shift to a more proactive dividend policy that sets new goals for dividend payout ratios with the aim of clarifying our stance on returning profits, and will strive to further strengthen our management foundation.

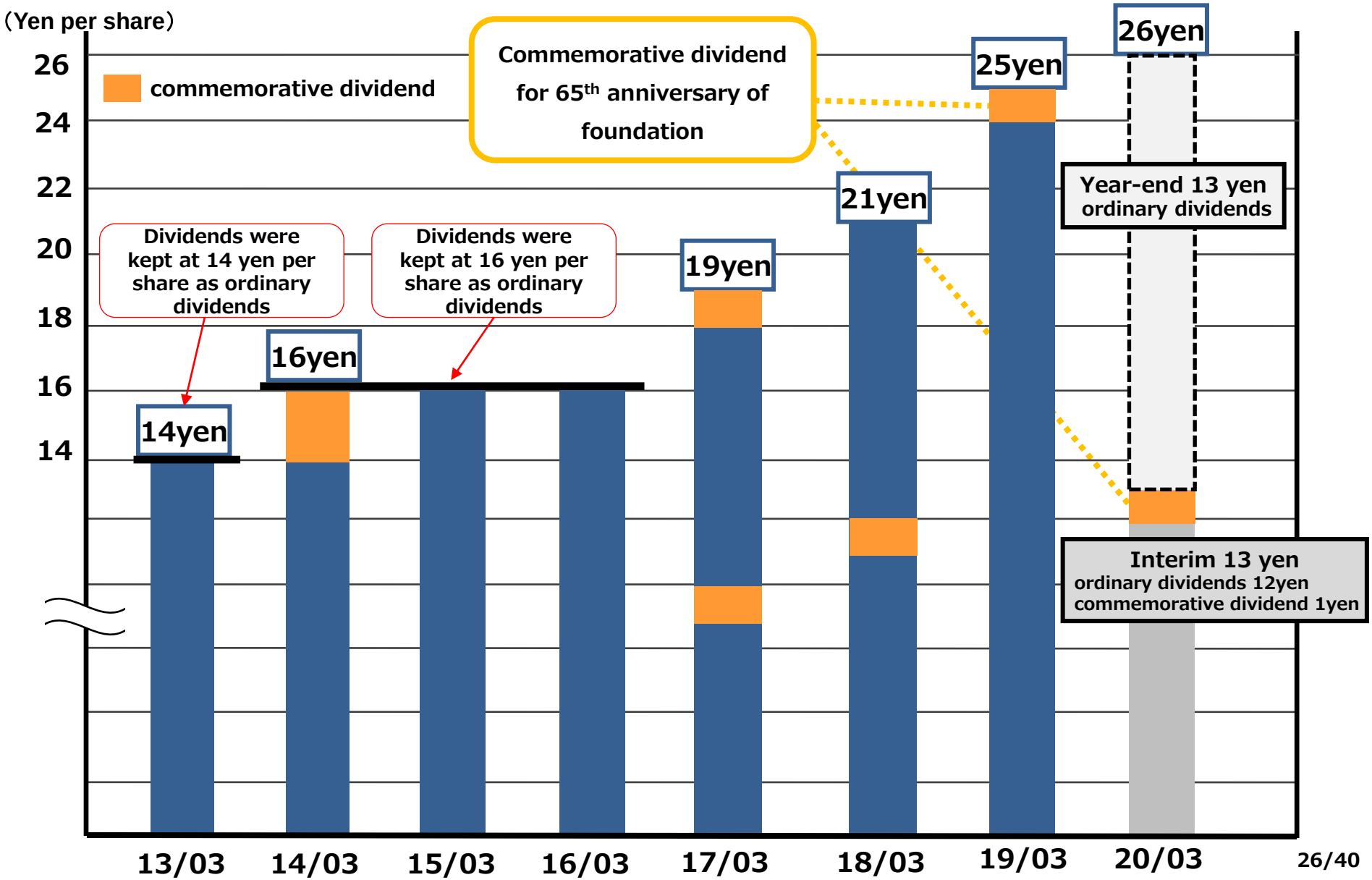
Dividend Policy

We believe that providing returns through ongoing improvements to corporate value is an important management issue, and have adopted a basic policy of maintaining stable dividends while at the same time augmenting shareholders' equity and improving profitability.
We primarily utilizes internal capital reserves for R&D and global business development, and endeavors to secure profit in the medium to long term and strengthen its financial structure.
We will gradually raise its dividend payout ratio, taking into account earnings, financial conditions, and the management environment in a comprehensive way, **and has set a target that secure payout ratio equal or more than 20% in the medium term**, on the premise that annual dividends per shareholder do not fall short of dividends in the previous year.
The Board of Directors decided to stipulate in the Articles of Incorporation that we can use retained earnings for dividends. We has set a basic policy of paying two dividends a year, namely an interim dividend and a year-end dividend.

Cash Dividend

TACHI-S

Basic policy : Stable dividends on a long term basis and raise dividend payout ratio



Appendix

Exchange Rate

TACHI-S

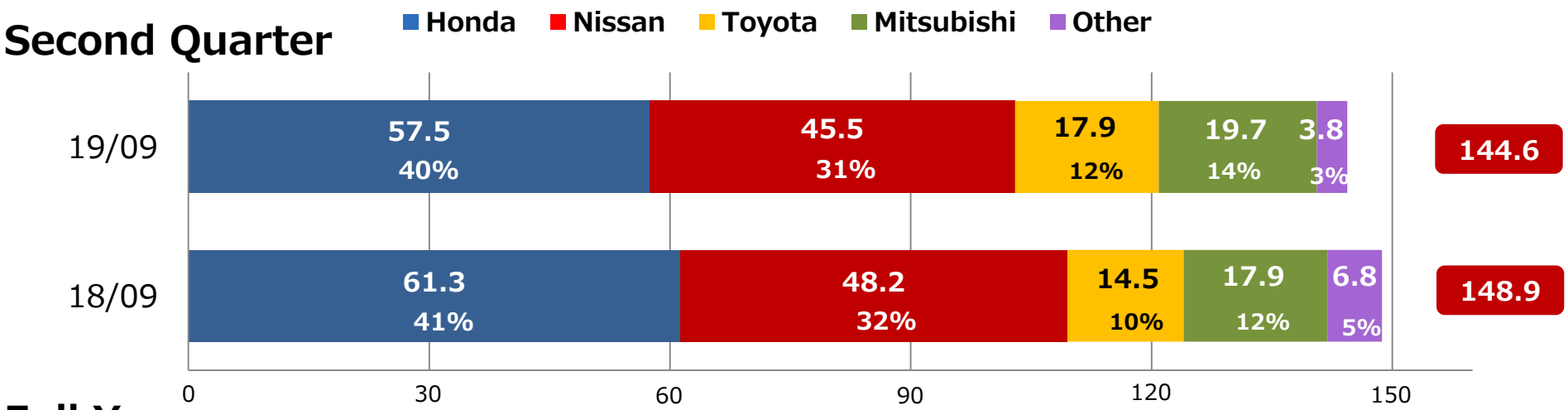
(Unit: yen)

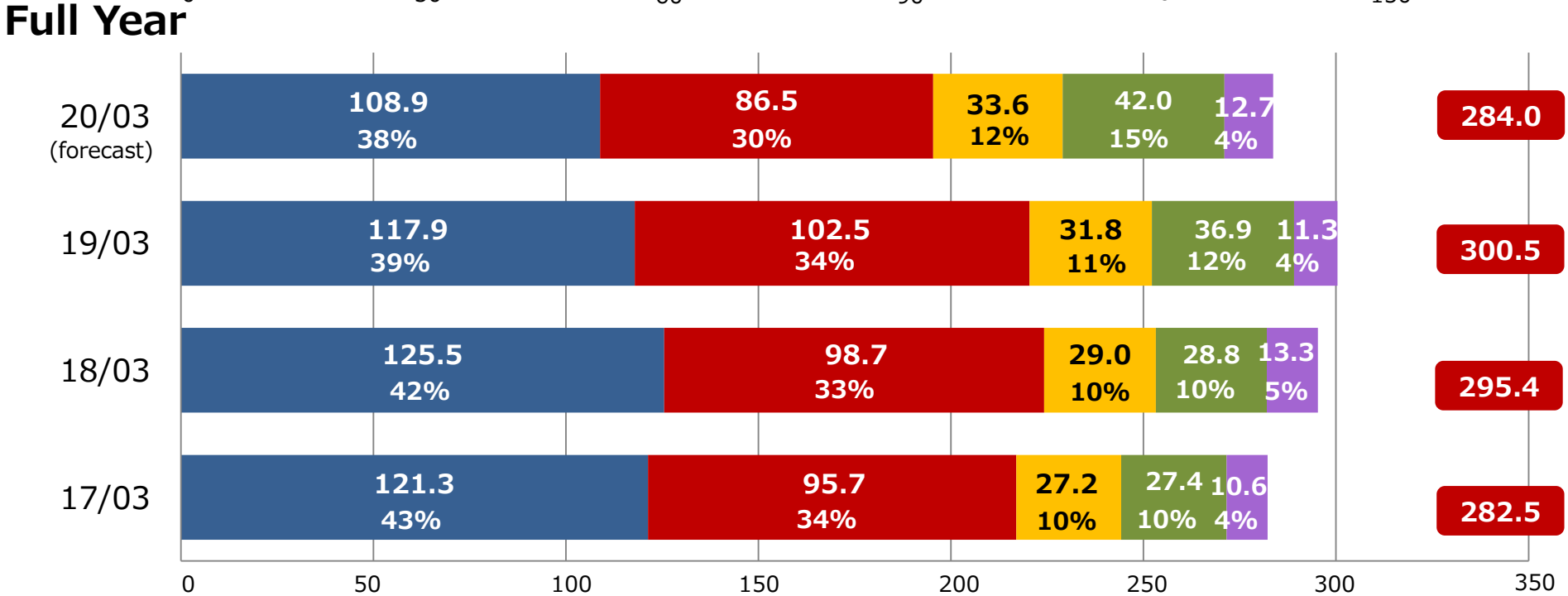
	16/03	17/03	18/03	19/03	20/03(forecast)
USD	120.78	108.76	111.19	109.18	107.00
MXN	7.69	5.95	5.94	5.73	5.60
EUR	132.75	119.34	129.36	122.00	119.00
RMB	19.28	16.54	16.59	16.31	15.50

Net Sales by Customer (Consolidated)

TACHI-S

(Unit: billion yen)

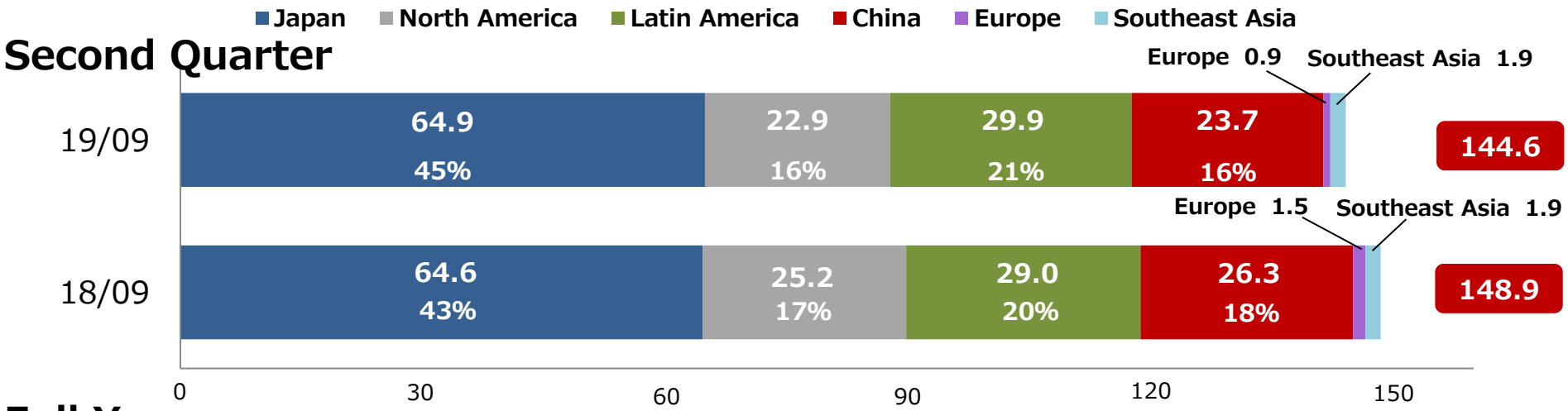


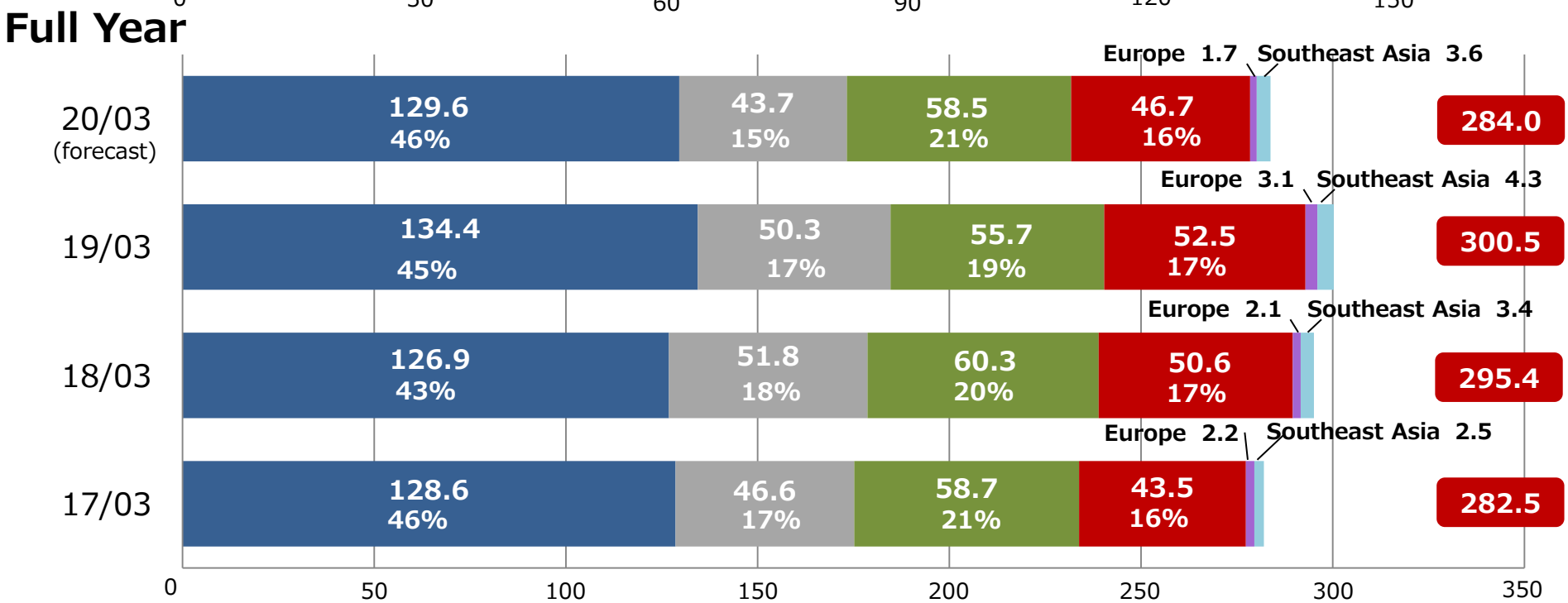


Net Sales by Region (Consolidated)

TACHI-S

(Unit: billion yen)

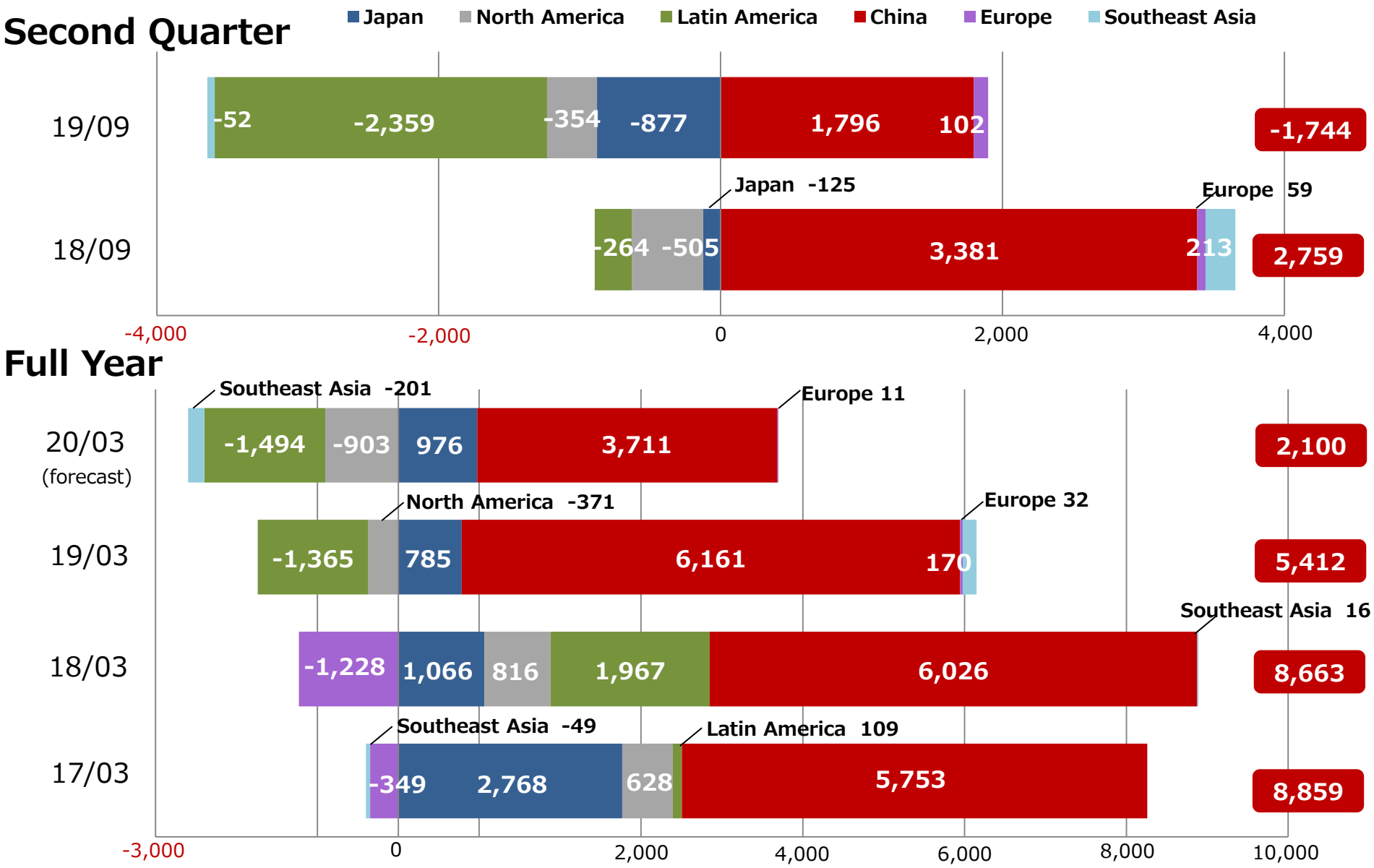




Operating Income by Region
(Consolidated)

TACHI-S

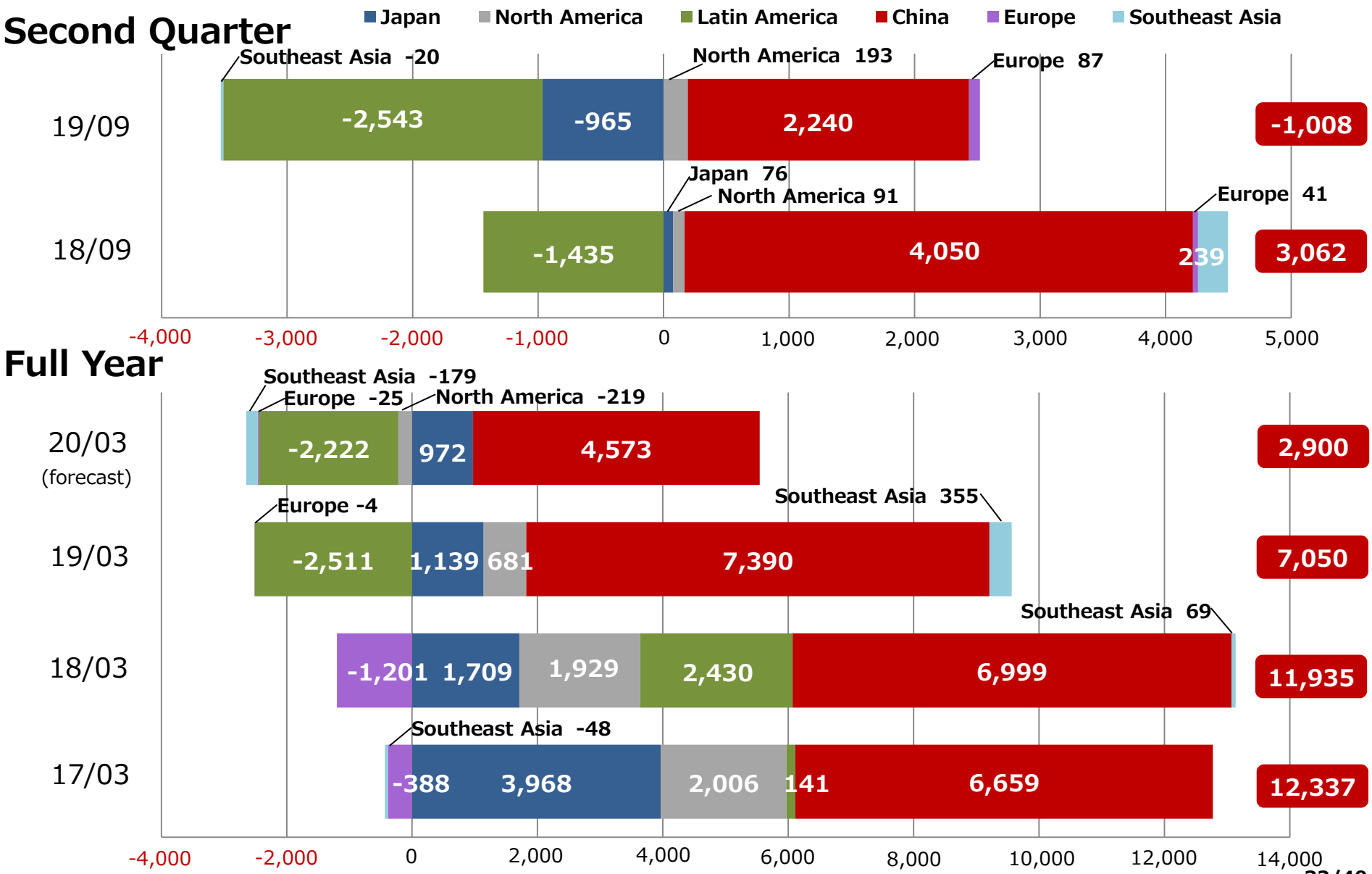
(Unit: million yen)



Ordinary Income by Region
(Consolidated)

TACHI-S

(Unit: million yen)



Domestic Business Sites

TACHI-S

As of the end of Sep. 30, 2019

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)

TACHI-S

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, 1985	Hamura-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	Akishima-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
Iwata Fuji Kiko Co., Ltd.	October, 1986	Iwata-shi, Shizuoka	Manufacturing/sales of automotive seat parts	(100.0%)	15 million yen	TF-METAL, NHK Spring	1
Kyushu Fuji Kiko Co., Ltd.	July, 1985	Nakatsu-shi, Oita	Manufacturing/sales of automotive seat parts	(100.0%)	10 million yen	TF-METAL, FujiKiko	1
Higashi mikawa Fuji Kiko Co., Ltd.	October, 1986	Shinshiro-shi, Aichi	Manufacturing of automotive seat parts	(100.0%)	10 million yen	TF-METAL	1

3. Unconsolidated subsidiary

TACHI-S Service Co., Ltd.

1. Consolidated subsidiary **6 Companies**

2. Consolidated affiliate **1 Company**

3. Unconsolidated subsidiary **1 Company**

TACHI-S Group Companies
(North America)

TACHI-S

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%)	120 thousand 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

1. Consolidated subsidiary **6 Companies** **2. Consolidated affiliate** **1 Company**

* (including subsidiaries' equity)

TACHI-S Group Companies
(Latin America / Europe)

TACHI-S

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%)	129 million USD		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.	September, 2012	Aguascalientes, Mexico	Manufacturing/sales of automotive seat parts	*(100.0%)	371 million MXN	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%)	75 million USD	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	ADIENT, Magna, NISSAN (Spain)	1

* (including subsidiaries' equity)

1. Consolidated subsidiary **6 Companies**

TACHI-S Group Companies (China-1)

TACHI-S

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
Wuhan TACHI-S Adient Automotive Seat Co., Ltd.	June, 2008	Hubei, China	Manufacturing/sales of automotive seats	50.0%	43 million RMB	Dongfeng HONDA	1
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

* (including subsidiaries' equity)

1. Consolidated subsidiary **5 Companies**

2. Consolidated affiliate **1 Company**

3. Unconsolidated subsidiary **1 Companies**

TACHI-S Group Companies (China-2)

TACHI-S

Company	Established	Location	Business Contents	Equity participation	Capital	Major Customers	Scope of consolidation
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
Zhejiang Gee Ju Tai Automotive Interior Co., Ltd.	October, 2010	Zhejiang, China	Manufacturing/sales of automotive seats	40.0%	38 million RMB	Zhejiang Vision Auto Parts	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	*(100.0%)	142 million RMB	Zhejiang Gee Ju Tai, 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
Zhejiang Fu Chong Tai Automotive Parts Co., Ltd.	March, 2011	Zhejiang, China	Manufacturing/sales of automotive seat parts	*(60.0%)	109million RMB	Zhejiang TACHI-S, TSE-E, TAS-Thailand	1

* (including subsidiaries' equity)

1. Consolidated subsidiary **5 Companies**

2. Consolidated affiliate **1 Company**

4. Unconsolidated affiliate **1 Company**

TACHI-S Group Companies
(Southeast Asia)

TACHI-S

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)	1
PT.TACHI-S Indonesia	September, 2011	Jawa Barat, Indonesia	Manufacturing/sales of automotive seats	*(100.0%)	10,001 million IDR		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%)	10 million MYR	Tan Chong Motor Assemblies, Mitsubishi (Malaysia)	4

* (including subsidiaries' equity)

1. Consolidated subsidiary 3 Companies

2. Unconsolidated subsidiary 2 Companies

4. Unconsolidated affiliate 1 Company

Toward 'Continuously Selected Company'

Global Seat System Creator

TACHI-S

Cautionary Statement

This document contains certain forward-looking statements based on the information available and obtained by TACHI-S Co., Ltd.

Such forward-looking statements involve known and unknown risks and uncertainties that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.