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Securities code: 7239

June 2, 2022

To Our Shareholders,

Yuichiro Yamamoto
Representative Director & President
TACHI-S CO., LTD.
3-3-7 Matsubara-cho, Akishima-shi, Tokyo

Notice of the 70th Annual General Meeting of Shareholders

Please refer to the below for information about the upcoming the 70th Annual General Meeting of Shareholders (the “Meeting”) of TACHI-S CO., LTD. (the “Company”).

You may exercise your voting rights in advance in writing or by electromagnetic means (via the Internet, etc.).

Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5 p.m. on Thursday, June 23, 2022.

- 1. Date and time:** 10:00 a.m. Friday June 24, 2022
- 2. Venue:** TACHI-S CO., LTD. Head Office (Auditorium on the third floor)
3-3-7 Matsubara-cho, Akishima-shi, Tokyo
- 3. Agenda:**

- Matters for reporting:**
1. Business Report, the consolidated financial statements, and audit report of the consolidated financial statements by the Independent Auditors and Audit & Supervisory Board for the 70th term (from April 1, 2021 to March 31, 2022)
 2. Report of the non-consolidated financial statements for the 70th term (from April 1, 2021 to March 31, 2022)

Matters for approval:

<Company Proposals (Proposals 1 to 3)>

Proposal 1: Partial Amendment to Articles of Incorporation

Proposal 2: Election of nine Directors

Proposal 3: Election of one Audit & Supervisory Board Member

<Shareholder Proposals (Proposals 4 to 8)>

Proposal 4: Revisions to the Articles of Incorporation with regard to the disclosure of cost of equity

Proposal 5: Revisions to the Articles of Incorporation with regard to the cancellation of treasury stock

Proposal 6: Cancellation of treasury stock

Proposal 7: Revisions to the Articles of Incorporation with regard to dialogue with shareholders

Proposal 8: Revisions to the Articles of Incorporation with regard to cross-shareholdings

* If you diversely exercise your voting rights, you are requested to notify the Company in writing of your intention to do so and state the reason for this no later than three days before the Meeting.

* The following items are not attached to this Notice of Convocation since they have been made available on the Company’s website (<https://www.tachi-s.co.jp/en/>) in accordance with laws and regulations and the provisions of Article 14 of the Company’s Articles of Incorporation. For this reason, they are not attached to this Notice of Convocation.

- (i) The System to Secure the Appropriateness of Business Operations and the Outline of the Operating Circumstances of the Said System and Basic policy concerning control of the Company of the Business Report
- (ii) The Consolidated Statements of Changes in Net Assets and the Notes to the Consolidated Financial Statements of the Consolidated Financial Statements
- (iii) The Non-consolidated Statements of Changes in Net Assets and the Notes to the Non-consolidated Financial Statements of the Non-consolidated Financial Statements

Of the documents included in the Appendix to the Notice of Convocation, the Business Report is among the documents audited by the Audit & Supervisory Board Members, and the Consolidated Financial Statements and Non-consolidated Financial Statements are among the documents audited by the Audit & Supervisory Board Members and the Independent Auditors

* We will post any revisions we make to the attached Reference Documents for the General Meeting of Shareholders, the Business Report, or non-consolidated financial statements and consolidated financial statements on our website (<https://www.tachi-s.co.jp/en/>).

* If you are attending the meeting on the scheduled day, please submit the enclosed voting form at the reception.

* The company shall post the contents of resolutions of this general meeting on the Company's website (<https://www.tachi-s.co.jp/en/>) instead of sending written notice of resolutions. We appreciate your understanding in this matter.

* If you wish to exercise your voting rights via the Internet, please enter your vote for or against each of the proposals on the following voting rights exercise website (<https://www.web54.net>).

* If voting rights are exercised more than once via the Internet, the most recent votes submitted via the Internet will be regarded as the effective votes.

Reference Documents for the General Meeting of Shareholders

Proposals and reference matters

<Company Proposals (Proposals 1 to 3)>

Proposal 1: Partial Amendment to Articles of Incorporation

1. Reasons for the Proposal

- (1) The Company will incorporate its headquarters in Akishima-shi, Tokyo, into the Technical Monozukuri Center in Ome-shi, Tokyo, in order to improve communication and management efficiency, and promote integration of all activities to achieve mid-term management plan targets. Due to the above incorporation, the location of the headquarters will move from Akishima-shi to Ome-shi, and the headquarters location stipulated by the current Article 3 of the Articles of Incorporation will be changed. This amendment will come into effect on the date on which the change of headquarters takes effect as determined by a Company's Board of Directors meeting to be held before March 31, 2023. Stipulations to that effect will be included in the supplementary provisions.
- (2) The amendment stipulations in the proviso of the supplementary provisions, Article 1, of the Act Partially Amending the Companies Act (Act No. 70 of 2019) will be enforced from September 1, 2022, so the following amendments will be made to the Articles of Incorporation in order to prepare for the introduction of a system to electronically provide materials for the Annual General Meeting of Shareholders.
 - (a) Proposed amendment to Article 14, Paragraph 1 stipulates that information contained in reference materials for the Annual General Meeting of Shareholders, etc., will be provided by electronic means.
 - (b) Proposed amendment to Article 14, Paragraph 2 restricts the scope of matters contained in documents delivered to shareholders that request delivery of documents.
 - (c) The provision deeming reference materials for the Annual General Meeting of Shareholders, etc., that have been disclosed over the Internet to have been provided (current Article 14 of the Articles of Incorporation) will become unnecessary, so it will be deleted.
 - (d) Supplementary provisions concerning the effective date, etc., will be added in conjunction with the above establishment and deletion.

2. Content of changes

The details of the amendments are as follows:

(The underline indicates the part to be changed.)

Current Articles of Incorporation	Proposed Articles
<p>Article 3 Location of Headquarters 1. The headquarters of the Company shall be located in <u>Akishima-shi</u>, Tokyo.</p> <p>Article 14 Deemed provision of reference documents, etc., for Annual General Meetings of Shareholders through Internet disclosure 1. When convening an Annual General Meeting of Shareholders, the Company may deem that information required to be described or disclosed in Annual General Meeting of Shareholders reference materials, business reports, financial statements, and consolidated financial statements have been provided to shareholders when such information is disclosed by a method that uses the internet pursuant to Ministry of Justice Ordinance.</p>	<p>Article 3 Location of Headquarters 1. The headquarters of the Company shall be located in <u>Ome-shi</u>, Tokyo.</p> <p style="text-align: center;"><Deleted></p>

Current Articles of Incorporation	Proposed Articles
<New>	<p><u>Article 14 Electronic provision measures, etc.</u> <u>1. Information contained in reference materials for Annual General Meetings of Shareholders, etc., will be provided by electronic means.</u> <u>2. The Company may omit all or some matters relating to electronic provision measures from documents delivered to shareholders that request delivery of documents prior to the record date for exercise of voting rights as stipulated by Ministry of Justice Ordinance.</u></p>
<New>	<p style="text-align: center;"><u>Supplementary provisions</u></p> <p><u>Article 1</u> <u>1. The amendment to Article 3 (Location of Headquarters) will come into effect on the date on which the change of headquarters takes effect as determined by a Company’s Board of Directors meeting to be held before March 31, 2023. This Article will be deleted on the date on which the amendment to Article 3 of the Articles of Incorporation takes effect.</u></p> <p><u>Article 2</u> <u>1. Deletion of the current Article 14 (Deemed provision of reference documents, etc., for Annual General Meetings of Shareholders through Internet disclosure) of the Articles of Incorporation and establishment of the proposed new Article 14 (Electronic provision measures, etc.) shall take effect on the date of enforcement of the amendment stipulations in the proviso of the supplementary provisions, Article 1, of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter the “Enforcement Date”).</u> <u>2. Irrespective of the provisions of the previous paragraph, the current Article 14 of the Articles of Incorporation shall be effective for Annual General Meetings of Shareholders held within six months of the Enforcement Date.</u> <u>3. This Article will be deleted on the day after six months have passed from the Enforcement Date, or the day after three months have passed from the Annual General Meeting of Shareholders referred to in the previous paragraph, whichever is later.</u></p>



Proposal 2: Election of nine Directors

The terms of office of all nine Directors will expire at the conclusion of the Meeting. Accordingly, we propose to elect the following nine Director candidates.

The candidates for Director are as follows:

Candidate No.	Name	Current position and responsibility at the Company	Attendance at Board of Directors meetings
1	RE-nomination Taro Nakayama	Representative Director & Chairman	14/14 (100%)
2	RE-nomination Yuichiro Yamamoto	Representative Director & President Chief Executive Officer Chief Operating Officer In charge of Global Headquarters Division Manager of Quality Management Division	14/14 (100%)
3	RE-nomination Kiyoshi Saito	Senior Corporate Advisor of the Board of Directors	14/14 (100%)
4	RE-nomination Atsushi Komatsu	Member of the Board of Directors & Executive Managing Officer Division Manager of Corporate Management Division In charge of Compliance	14/14 (100%)
5	New Nominee Takao Ito	Executive Managing Officer Division Manager of Monozukuri Division	-/ (-%)
6	New Nominee Shigeo Komatsu	Executive Managing Officer Division Manager of Business Division	-/ (-%)
7	RE-nomination Outside Independent Director Toshio Kinoshita	Outside Director	14/14 (100%)
8	RE-nomination Outside Hidetaka Mihara	Outside Director	14/14 (100%)
9	RE-nomination Outside Independent Director Yoshiaki Nagao	Outside Director	14/14 (100%)

Candidate No.1	Taro Nakayama	(September 18, 1955)	RE-nomination
 <p>■Number of shares of the Company owned 13,200 shares</p> <p>■Attendance at Board of Directors meetings 14/14 (100%)</p>	<p>Brief History, Position, Principal Duties and Key Concurrent Posts</p> <p>April 1980 Joined NISSAN MOTOR CO., LTD.</p> <p>April 2010 Director of Global Multi-Sourcing & Export Management Department</p> <p>April 2011 Joined TACHI-S CO., LTD. as Corporate Advisor</p> <p>June 2011 Member of the Board of Directors & Executive Vice President Chief of Business Administration Headquarters Division Manager of Overseas Division</p> <p>April 2014 Member of the Board of Directors & Chief Operating Officer</p> <p>June 2014 Representative Director, President & Chief Operating Officer</p> <p>April 2017 In charge of Global Headquarters</p> <p>June 2017 Chief Executive Officer</p> <p>June 2019 Representative Director & Chairman (incumbent)</p>	<p>Reasons for nomination as a Candidate for Director</p> <p>Mr. Taro Nakayama has developed broad experience and superior insight over the many years he has worked at overseas businesses and has been a leader in the overall management of global businesses. He has appropriately fulfilled his roles, such as determining priority management matters and supervising executive functions, and we have nominated him as a candidate to continue in his role as Director due to his exceptional leadership in promoting globalization of the Company's businesses.</p>	
Candidate No.2	Yuichiro Yamamoto	(July 30, 1968)	RE-nomination
 <p>■Number of shares of the Company owned 102,300 shares</p> <p>■Attendance at Board of Directors meetings 14/14 (100%)</p>	<p>Brief History, Position, Principal Duties and Key Concurrent Posts</p> <p>April 1997 Joined TACHI-S CO., LTD.</p> <p>August 2006 Seconded to TACLE Seating U.S.A., LLC (currently TACHI-S Automotive Seating U.S.A., LLC) President</p> <p>April 2011 Executive Managing Officer Deputy General Manager of Overseas Division</p> <p>April 2012 In Charge of Nissan Business and Overseas Business Management</p> <p>April 2014 In Charge of China Business Seconded to TACHI-S China Co., Ltd. President</p> <p>April 2015 Senior Executive Officer</p> <p>April 2017 Executive Vice President President, Regional Headquarters for Japan</p> <p>June 2017 Member of the Board of Directors & Executive Vice President</p> <p>April 2019 Member of the Board of Directors & Chief Operating Officer In charge of Global Headquarters (incumbent)</p> <p>June 2019 Representative Director, President & Chief Operating Officer (incumbent)</p> <p>April 2020 Division Manager of Quality Management Division (incumbent)</p> <p>April 2022 Chief Executive Officer (incumbent)</p>	<p>Reasons for nomination as a Candidate for Director</p> <p>Mr. Yuichiro Yamamoto has been nominated as a candidate to continue in his role as Director, as he has valuable knowledge in the Marketing and Overseas Division, and many years of experience and results as a top executive at overseas subsidiaries in North America and China and has demonstrated strong leadership as Chief Operating Officer and since April 2022 as Chief Executive Officer, and we have determined that he is essential to promoting globalization at the Group and the sustainable enhancement of the Group's corporate value.</p>	

Candidate No.3	Kiyoshi Saito	(January 25, 1947)	RE-nomination
 <p>■Number of shares of the Company owned 602,428 shares</p> <p>■Attendance at Board of Directors meetings 14/14 (100%)</p>	Brief History, Position, Principal Duties and Key Concurrent Posts		
	March 1973	Joined TACHI-S CO., LTD.	
	June 1982	Member of the Board of Directors	
	June 1993	Senior Executive Officer Director of Production Headquarters	
	June 1996	Representative Director & President	
	June 2001	Representative Director, President & Chief Operating Officer	
	June 2005	Representative Director, Chairman & Chief Executive Officer	
	April 2014	Representative Director & Chairman	
	June 2014	Representative Director & Senior Corporate Advisor	
	June 2016	Senior Corporate Advisor of the Board of Directors (incumbent)	
Reasons for nomination as a Candidate for Director			
Mr. Kiyoshi Saito has been nominated as a candidate to continue in his role as Director, as he has wide-ranging knowledge of all aspects of the Group's management and has appropriately carried out his functions, and we have determined that he is essential to the sustainable improvement of the Group's corporate value, based on his extensive experience over many years as a top executive at the Company.			
Candidate No.4	Atsushi Komatsu	(August 2, 1963)	RE-nomination
 <p>■Number of shares of the Company owned 7,800 shares</p> <p>■Attendance at Board of Directors meetings 14/14 (100%)</p>	Brief History, Position, Principal Duties and Key Concurrent Posts		
	April 1986	Joined NISSAN MOTOR CO., LTD.	
	April 2003	General Division Manager of China Business	
	July 2003	Seconded to Dongfeng Motor Co., Ltd Executive Vice President in charge of Financial and Information Technology	
	April 2009	Director of Management for affiliate company, NISSAN MOTOR CO., LTD.	
	April 2010	Director of Finance Section	
	April 2014	Director of Domestic Network Strategy	
	April 2017	Joined TACHI-S CO., LTD. as Corporate Advisor	
	July 2017	Executive Managing Officer Assistant Director of Corporate Management Division	
	April 2019	Executive Managing Officer Division Manager of Corporate Management Division (incumbent)	
June 2019	Member of the Board of Directors & Executive Managing Officer		
April 2020	Member of the Board of Directors & Executive Managing Officer (incumbent) In charge of Compliance (incumbent)		
Reasons for nomination as a Candidate for Director			
Mr. Atsushi Komatsu has been nominated as a candidate to continue in his role as Director, as he has superior expertise in the fields of finance, management and wide-ranging knowledge, and we have determined that he is essential to the sustainable improvement of the Group's corporate value as the person responsible for the Corporate Management Division.			

Candidate No.5	Takao Ito	(June 4, 1965)	New Nominee
 <p>■Number of shares of the Company owned 3,900 shares</p> <p>■Attendance at Board of Directors meetings -/- (-%)</p>	<p>Brief History, Position, Principal Duties and Key Concurrent Posts</p> <p>April 1984 Joined TACHI-S CO., LTD.</p> <p>April 2010 Plant Manager of Musashi Plant</p> <p>April 2012 Director of Production Planning Department</p> <p>April 2014 Seconded to TACLE Guangzhou Automotive Seat Co., Ltd., President</p> <p>April 2017 Executive Managing Officer In Charge of China production, Regional Headquarters for China</p> <p>April 2019 Executive Managing Officer President of Regional Headquarters for Japan</p> <p>April 2020 Executive Managing Officer (incumbent) Deputy Division Manager of Monozukuri Division</p> <p>April 2022 Division Manager of Monozukuri Division (incumbent)</p>		
	<p>Reasons for nomination as a Candidate for Director</p> <p>Mr. Takao Ito has been nominated as candidate for Director because of the extensive experience he has accumulated over many years in the Monozukuri Division and as the person responsible for subsidiaries in China. In addition to management of operating companies, he has a track record in managing businesses in the China region, and we have determined that he is essential to support the strengthening of the Group's global manufacturing framework going forward.</p>		
Candidate No.6	Shigeo Komatsu	(September 18, 1962)	New Nominee
 <p>■Number of shares of the Company owned 3,800 shares</p> <p>■Attendance at Board of Directors meetings -/- (-%)</p>	<p>Brief History, Position, Principal Duties and Key Concurrent Posts</p> <p>April 1986 Joined NISSAN MOTOR CO., LTD.</p> <p>April 2010 Chief Vehicle Engineer of Infiniti Business Unit</p> <p>April 2012 Seconded to Nissan Global Co., Ltd. Global Sales Manager</p> <p>September 2013 Manager of Human Resources Planning, NISSAN MOTOR CO., LTD.</p> <p>January 2014 Joined TACHI-S CO., LTD. as General Manager of Business Administration Department</p> <p>April 2014 General Manager of Business Management Department</p> <p>August 2014 Seconded to Industria de Asiento Superior, S.A. de C.V. General Manager</p> <p>April 2017 VP of Industria de Asiento Superior, S.A. de C.V.</p> <p>April 2018 Executive Managing Officer (incumbent) Chief of Business Group No. 1</p> <p>April 2022 Division Manager of Business Division (incumbent)</p>		
	<p>Reasons for nomination as a Candidate for Director</p> <p>Mr. Shigeo Komatsu has been nominated as candidate for Director due to the extensive experience he has accumulated over many years in sales and marketing, as well as his track record as a manager of the Mexican subsidiary, and we have determined that he is essential to support the further growth and development of the Group.</p>		

Candidate No.7

Toshio Kinoshita

(April 12, 1949)

RE-nomination

Outside

Independent Director



Brief History, Position, Principal Duties and Key Concurrent Posts

January 1980 Jointed Coopers & Lybrand, Japan (currently PricewaterhouseCoopers Aarata LLC)

July 1983 Registered as Certified Public Accountant

February 1985 Audit Manager of Coopers & Lybrand, US (currently PricewaterhouseCoopers LLP) New York Office

November 1985 Managing partner of the Japanese Business Network of Midwest, Coopers & Lybrand, US Detroit Office

June 1995 Managing partner of the Japanese Business Network of US, Coopers & Lybrand, US National Office

July 1998 Managing partner of the Japanese Business Network of North America, PricewaterhouseCoopers LLP New York Office

July 2005 Management Board Member for International Business of Chuo Aoyama Audit Corporation (renamed Misuzu Audit Corporation)

June 2015 Outside Director of TACHI-S CO., LTD. (incumbent)

(Key concurrent posts)

Representative Director & President of Global Professional Partners Corp.

Outside Audit & Supervisory Board Member of Cool Japan Fund Inc.

Outside Audit & Supervisory Board Member of Panasonic Holdings Corporation

Outside Director, Chairman of Audit & Supervisory Committee of ADK Holdings Inc.

Outside Director, Audit & Supervisory Committee Member of Denka Company Limited

■Number of shares of the Company owned
0 shares

■Attendance at Board of Directors meetings
14/14 (100%)

Reasons for nomination as a Candidate for Outside Director and Outline of the expected role

Mr. Toshio Kinoshita has been nominated as a candidate to continue in his role as Outside Director, as he has superior judgment as a certified public accountant and plentiful experience performing auditing functions at overseas locations over many years. He is also expected to contribute to the appropriate decision-making of the Board of Directors from an objective and global standpoint. He will have served as an Outside Director of the Company for seven years as of the conclusion of the Meeting.

Candidate No.8

Hidetaka Mihara

(July 8, 1958)

RE-nomination

Outside



Brief History, Position, Principal Duties and Key Concurrent Posts

April 1986 Registered with Dai-Ichi Tokyo Bar Association
Joined Hashidate Law Office

October 1987 Joined Blakemore & Mitsuki (renamed Tsunematsu Yanase & Sekine)

July 1990 Seconded to Nomura International plc, London

April 1991 Seconded to Slaughter and May, London

January 1993 Partner at Tsunematsu Yanase & Sekine

January 2000 Partner at Nagashima Ohno & Tsunematsu (incumbent)

April 2010 Committee Member of law reform of the Company Act of Japan (Ministry of Justice of Japan)

September 2017 Expert Advisor of Ministry of Land, Infrastructure, Transport and Tourism, Land Policy Council Land Policy Subcommittee Special Section (Owner unknown land problem examination)

June 2018 Outside Director of TACHI-S CO., LTD. (incumbent)

September 2020 Ph.D. (Law), University of Tokyo

April 2021 President of Dai-Ichi Tokyo Bar Association
Vice President of Japan Federation of Bar Associations

■Number of shares of the Company owned
0 shares

■Attendance at Board of Directors meetings
14/14 (100%)

(Key concurrent posts)

Partner at Nagashima Ohno & Tsunematsu

Reasons for nomination as a Candidate for Outside Director and Outline of the expected role

Mr. Hidetaka Mihara has been nominated as a candidate to continue in his role as Outside Director, as he has specialized knowledge and experience in corporate legal affairs as a lawyer, although he has no experience of being directly involved in corporate management other than serving as an Outside Director. He is also expected to contribute to strengthening the corporate governance function of the Group. He will have served as an Outside Director of the Company for four years as of the conclusion of the Meeting.

Candidate No.9	Yoshiaki Nagao	(February 1, 1953)	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr><td style="text-align: center;">RE-nomination</td></tr> <tr><td style="text-align: center;">Outside</td></tr> <tr><td style="text-align: center;">Independent Director</td></tr> </table>	RE-nomination	Outside	Independent Director
RE-nomination						
Outside						
Independent Director						
Brief History, Position, Principal Duties and Key Concurrent Posts						
 <p>■Number of shares of the Company owned 3,000 shares</p> <p>■Attendance at Board of Directors meetings 14/14 (100%)</p>	<p>April 1978</p> <p>February 2006</p> <p>February 2008</p> <p>December 2008</p> <p>October 2009</p> <p>June 2011</p> <p>June 2012</p> <p>June 2020</p> <p>January 2021</p> <p>March 2021</p> <p>March 2022</p>	<p>Joined KIORITZ CORPORATION (currently YAMABIKO CORPORATION)</p> <p>Executive Managing Officer President & Chief Operating Officer of ECHO Incorporated</p> <p>Member of the Board of Directors & Executive Managing Officer of KIORITZ CORPORATION President & Chief Operating Officer of ECHO Incorporated</p> <p>President & Chief Operating Officer of KIORITZ CORPORATION Executive Managing Officer of YAMABIKO CORPORATION</p> <p>Member of the Board of Directors, Executive Managing Officer & Director of Industrial Machinery DIV of YAMABIKO CORPORATION</p> <p>President, Chief Operating Officer & Executive Managing Officer</p> <p>Representative Director, President & Chief Operating Officer</p> <p>Outside Director of TACHI-S CO., LTD. (incumbent)</p> <p>Representative Director, Chairman & Executive Managing Officer of YAMABIKO CORPORATION</p> <p>Representative Director & Chairman of YAMABIKO CORPORATION</p> <p>Executive Advisor of YAMABIKO CORPORATION (incumbent)</p>				
	(Key concurrent posts)					
	Executive Advisor of YAMABIKO CORPORATION					
	Reasons for nomination as a Candidate for Outside Director and Outline of the expected role					
	<p>Mr. Yoshiaki Nagao has been nominated as a candidate to continue in his role as Outside Director, as he has extensive experience and knowledge as a top executive, having been involved in the management of domestic and overseas companies for many years. He is also expected to contribute to the appropriate decision-making of the Board of Directors from a wide range of management perspectives. He will have served as an Outside Director of the Company for two years as of the conclusion of the Meeting.</p>					

Notes:

- 1: The above candidates have no conflicts of interest with the Company.
- 2: Mr. Toshio Kinoshita, Mr. Hidetaka Mihara and Mr. Yoshiaki Nagao are candidates for Outside Director.
- 3: Notification has been submitted to the Tokyo Stock Exchange for Mr. Toshio Kinoshita and Mr. Yoshiaki Nagao to be listed as an independent officer according to the rules of the Exchange, and the Exchange will be notified again that they are independent officers if they are re-elected. Mr. Hideaki Mihara has independence in light of the independence criteria of the Tokyo Stock Exchange and meets the qualifications of an Independent Director or Independent Audit & Supervisory Board Member. However, due to a policy of the law firm to which he belongs, the Company has no plans to designate him as an Independent Director or Independent Audit & Supervisory Board Member.
- 4: The Company has concluded an agreement with Mr. Toshio Kinoshita, Mr. Hidetaka Mihara and Mr. Yoshiaki Nagao to limit their damage liability as stipulated in Article 423, Paragraph 1 of the Companies Act, based on the regulations specified in Article 427, Paragraph 1 of the Companies Act. Should the reappointment of Mr. Toshio Kinoshita, Mr. Hidetaka Mihara and Mr. Yoshiaki Nagao as Outside Directors be approved, the Company intends to maintain the Liability Limitation Agreement with them. The maximum amount of liability for damage based on the Liability Limitation agreement is the minimum liability as stipulated in Article 425, Paragraph 1 of the Companies Act.


- 5: Although the Company currently has no female Directors nor female Members of the Board, in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace, we are working to establish a workplace environment where women can play an active role, and are working to elect a female Director, or a female Member of the Board in the future. Please refer to "4. Matters pertaining to the Officers of the Company" in the Business Report.
- 6: The Company has concluded liability insurance contract for officers, etc., providing compensation for damages arising as a result of the responsibilities assumed by insured officers in their execution of duties, or any claims made against them with regard to these responsibilities. If the election of each candidate for Director is approved as proposed, they will become the insured parties. The insured officers will not pay for the insurance premiums. The Company intends to renew this liability insurance contract in July, 2022.

Proposal 3: Election of one Audit & Supervisory Board Member

The term of office of the Audit & Supervisory Board Member, Mr. Naozumi Matsui, will expire at the conclusion of the Meeting. Accordingly, we propose to elect the following one Audit & Supervisory Board Member candidate.

The Audit & Supervisory Board Member has already approved this proposal.

The candidates for Audit & Supervisory Board Member are as follows:

Naozumi Matsui	(October 25, 1960)	RE-nomination
	<p>Brief History, Position, Principal Duties and Key Concurrent Posts</p> <p>April 1985 Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation)</p> <p>October 2009 Principal Examiner of Internal Audit Department</p> <p>July 2012 Joined TACHI-S CO., LTD.</p> <p>January 2013 Registered as Certified Public Accountant</p> <p>April 2013 Director of Managing Related Companies</p> <p>April 2014 Director of Business Administration Department</p> <p>April 2015 Director of Finance & Accounting Department</p> <p>April 2016 Seconded to TACHI-S Engineering U.S.A., Inc. General Manager</p> <p>April 2018 General Manager of Administration and Management Control Division</p> <p>June 2018 Audit & Supervisory Board Member (incumbent)</p>	
<p>■Number of shares of the Company owned 3,400 shares</p>	<p>Reasons for nomination as a Candidate for Audit & Supervisory Board Member</p> <p>Mr. Naozumi Matsui has been nominated as a candidate to continue in his role as Audit & Supervisory Board Member, as he has a wealth of expert knowledge on accounting as a certified public accountant, and we hope to utilize extensive experience on financial institutions and overseas subsidiaries in the auditing of the Company. He will have served as an Audit & Supervisory Board Member of the Company for four years as of the conclusion of the Meeting.</p>	
<p>■Attendance at Board of Directors meetings 14/14 (100%)</p>		
<p>■Attendance at Audit & Supervisory Board 11/11(100%)</p>		

Notes:

- 1: The above candidate has no conflicts of interest with the Company.
- 2: The Company has concluded liability insurance contract for officers, etc., providing compensation for damages arising as a result of the responsibilities assumed by insured officers in their execution of duties, or any claims made against them with regard to these responsibilities. If the election of each candidate for Audit & Supervisory Board Member is approved as proposed, they will become the insured parties. The insured officers will not pay for the insurance premiums. The Company intends to renew this liability insurance contract in July, 2022.

[Reference] Management system (planned) in the event that Proposals 2 and 3 are approved

In order to fulfill its roles of making decisions and supervising management, the Board of Directors as a whole has been constituted with attention to achieving a diverse balance of knowledge and experience that includes coverage of the various functions of the Company. Specifically, the skills required and currently possessed by the Board of Directors in order to carry out the Transformative Value Evolution (TVE) Medium-term Management Plan that was formulated in 2021, and to sustainably increase corporate value, are as set out below, and we believe that the Members of the Board of Directors form a team with the necessary talents to achieve the above-mentioned objectives.

Name	Position	General management, Business management		Medium- to long-term strategy							
		Corporate management Management strategy	Legal Governance	Business strategy			Financial & Capital Strategies	Management foundation			
				Sales, Marketing	R&D, Production	Global		Finance, Accounting	Human resource development	Environment	DX
Taro Nakayama	Director & Chairman	●		●		●			●	●	
Yuichiro Yamamoto	Representative Director & President	●	●	●	●	●			●		
Atsushi Komatsu	Representative Director	●	●	●		●	●		●		●
Kiyoshi Saito	Member of the Board of Directors	●		●	●	●	●		●	●	
Takao Ito	Member of the Board of Directors				●	●				●	●
Shigeo Komatsu	Member of the Board of Directors			●		●				●	
Toshio Kinoshita	Outside Director	●	●			●	●				
Hidetaka Mihara	Outside Director	●	●	●	●	●	●		●		
Yoshiaki Nagao	Outside Director	●			●	●			●	●	
Naozumi Matsui	Audit & Supervisory Board Member	●	●			●	●				
Masato Kimura	Audit & Supervisory Board Member	●	●	●	●	●				●	
Shinsuke Matsuo	Outside Audit & Supervisory Board Member		●				●				
Nobuaki Ozawa	Outside Audit & Supervisory Board Member		●				●			●	

<For Reference> Criteria for Assessing Independence of Outside Directors/ Audit & Supervisory Board Members

The Company establishes following standards in order to ensure the independence of Outside Directors/
Audit & Supervisory Board Members.

1. The person in question is not a current or former Executive¹ of the Company or a related company (“Group Companies”).
2. Over the past 5 years a Close Relative² of the person has not been an Executive¹ of any Group Companies.
3. The following items are not currently applicable to the person and have not been applicable to the person in the past 5 years:
 - (1) The person is a large shareholder of the Company (a person who directly or indirectly controls voting rights worth 10% or more of total voting rights in the Company) or an Executive¹ of such a large shareholder.
 - (2) The person directly or indirectly controls voting rights worth 10% or more of total voting rights in Group Companies or is an Executive¹ of such a large shareholder.
 - (3) The person is a Person for whom Group Companies are Important Clients³ or who is an Executive¹ of such an entity.
 - (4) The person is an Executive¹ of an Important Client of Group Companies⁴.
 - (5) The person is an Executive¹ of an Important Lender to Group Companies⁵.
 - (6) The person is affiliated with an auditing firm performing the Company’s statutory audits.
 - (7) The person is a consultant, an accounting professional or a legal professional (in the case that a group such as a corporation or association performs such a role, a person affiliated with that group) that has received from Group Companies money compensation or other assets to a total value of more than 10 million yen annually.
 - (8) The person is a recipient of donations or grants from Group Companies (in the case that a group such as a legal corporation or association is such a recipient, a person affiliated with that group) of more than 10 million yen annually.
 - (9) The person is an Executive¹ of a company to which Group Companies appoint Directors (regardless of whether such Directors are executive or non-executive).
4. None of the person’s Close Relatives are persons in regards to whom Items (1) to (9) of paragraph 3 above apply (but limited to cases where such a Close Relative is an Important Person⁶).

(Notes)

¹ An Executive is defined as a person who is either a Director (excluding an Outside Director) of a company or organization, an Executive Director, an Executive Officer, an employee who manages operations, a Senior General Manager or other equivalent person or employee who manages operations.

² A Close Relative is defined as a dependent, a relative to the second degree or a cohabitating relative.

³ A Person for whom Group Companies are Important Clients is defined as a person who has received 2% or more of their consolidated annual gross revenues from Group Companies during that person’s most recent fiscal year.

⁴ An Important Client of Group Companies is defined as a person who has paid 2% or more of the gross annual consolidated revenues of Group Companies in the Company’s most recent fiscal year.

⁵ An Important Lender to Group Companies is defined as a person who has provided finance to Group Companies that represents an amount worth 2% or more of consolidated total assets as of the end of the Company’s most recent fiscal year.

⁶ An Important Person is defined as a person who is either a Director, an Audit & Supervisory Board Member, an Executive Officer and a General Manager or above.

<Shareholder Proposals (Proposals 4 to 8)>

Proposals 4 to 8 were raised by two shareholders (hereinafter the “Proposing Shareholders”).

Note that the contents and reasons of the proposals notified to the Company by the Proposing Shareholders have been organized by proposal and are presented without modification

Proposal 4: Revisions to the Articles of Incorporation with regard to the disclosure of cost of equity

1. Details of the Proposal

Add the following chapter and article to the current Articles of Incorporation:

Chapter 7 Disclosure of Cost of Equity

(Disclosure of Cost of Equity)

Article 37 The Company shall disclose the cost of equity as grasped by the Company during the period one month prior to the date of submission of the Corporate Governance Report, together with the basis for its calculation, in the Corporate Governance Report that the Company submits to the Tokyo Stock Exchange.

2. Reason for the Proposal

The Company disclosed its numerical targets for ROE and ROIC in its current Mid-Term Management Plan. However, the plan only states that the Company aims for minimum ROE of 8% and a target of 10%; the Company’s perceived cost of equity is not clear.

Moreover, ROIC is an inappropriate performance target for the Company. In other words, the Company is calculating adjusted operating income, the numerator of ROIC, by combining operating income after tax and equity in earnings (losses) of affiliated companies, and adjusted operating income includes income attributable to non-controlling interests. Meanwhile, invested capital (the denominator) is calculated as the sum of interest-bearing debt and equity capital, and invested capital does not include non-controlling interests. As a result, the Company has over-valued the ROIC of joint ventures.

The Company’s Mid-Term Management Plan states the “management with an awareness of the cost of capital,” which should mean the management that achieves an ROE above the cost of equity. Thus, it is clear that the cost of equity, which forms the basis for management, should be disclosed.

◆ **Opinion of the Board of Directors**

The Board of Directors opposes this Shareholder Proposal.

◆ Reason for opposing the proposal

Principle 5.2 of the Corporate Governance Code states, “When establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and capital policies, and present targets for profitability and capital efficiency after accurately identifying the company’s cost of capital. Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as reviewing their business portfolio and investments in fixed assets, R&D, and human capital, and specific measures that will be taken in order to achieve their plans and targets.” and does not require disclosure of the cost of equity and the basis for such calculation in corporate governance reports. In accordance with Principle 5.2 of the Corporate Governance Code, the Company formulates and announces management strategies and management plans based on an accurate understanding of its cost of capital. In relation to the Corporate Governance Code, we recognize that it is not important to disclose the cost of equity figures, but rather to formulate management strategies and management plans based on an accurate understanding of the cost of equity.

As announced in the Notice Regarding a Mid-Term Management Plan dated May 27, 2021 (URL: https://www.tachi-s.co.jp/dcms_media/other/20210527_tachi-s_en.pdf), in order to provide new value through our business activities for sustainable growth, and to survive as a truly independent company, we have formulated a mid-term management plan “Transformative Value Evolution (TVE)” (hereinafter referred to as the Mid-Term Management Plan) for the period from FY2021 to FY2024 and are diligently carrying the plan out. In the Mid-Term Management Plan, as a financial and capital strategy, the period from FY2021 to FY2024 is positioned to introduce “management with an awareness of the cost of capital” and to instill this throughout the Group. It is also a period for using ROIC as an important management index for

ROE achievement, and we have set the strategic goals of “FY2024 ROE Minimum: 8%/Target: 10%” and “FY2024 ROIC 8% or higher.” As we stated in FY2020 Financial Result for the fiscal year ended March 31, 2021 (URL: https://www.tachi-s.co.jp/dcms_media/other/IR202103_en.pdf), we have been implementing a partner strategy in which our global business establishes JV companies with optimal business partners in various OEM fields and geographic regions, making mutual use of each partner’s strengths in joint manufacturing and marketing. Under such a partner strategy, the tangible and intangible capital, including know-how and human resources that we invest for the sustainable development of our joint ventures in each region, is also utilized in the management of the joint venture companies and other equity-method affiliates that are not our consolidated subsidiaries. We believe that it is appropriate to use equity capital and interest-bearing debt as the denominator and operating income (losses) after tax, and equity in earnings (losses) of affiliated companies within the scope of consolidation as the numerator of ROIC, which measures how much profit we can generate by utilizing the capital we have invested in the group. We work to improve ROIC and enhance the corporate value groupwide.

Thus, when formulating the Mid-Term Management Plan, we neither emphasized nor neglected either ROE or ROIC, given their respective implications. On the contrary, we use ROE and ROIC as management indicators that we consider appropriate based on our current situation and business environment. We formulate our management strategies and management plans after indicating our basic policies on business, financial, and capital strategies through an understanding of the cost of capital, including the cost of equity, in accordance with the Corporate Governance Code. In addition, we believe that the disclosure of the cost of capital, including the cost of equity, should be determined after careful consideration by the Board of Directors, including the necessity, appropriateness, timing, and method of such disclosure while referring to the dialogues with shareholders and investors who have various views on the matter. Consequently, we do not believe that it is appropriate to include this proposal in the Articles of Incorporation, a document that lays out the basic principles that guide the Company.

Therefore, the Board of Directors opposes this proposal.

Proposal 5: Revisions to the Articles of Incorporation with regard to the cancellation of treasury stock

1. Details of the Proposal

Add the following chapter and article to the current Articles of Incorporation:

Chapter 9 Cancellation of Treasury Stock
(Cancellation of Treasury Stock)

Article 39 The Company may cancel its treasury stock (including deciding the class of treasury stock and the number of shares in each class to be canceled) by an ordinary resolution of a general meeting of shareholders as set forth in Article 309, Paragraph 1 of the Companies Act.

2. Reason for the Proposal

As of December 31, 2021, the Company held approximately 1.02 million treasury shares, equal to 2.9% of the total number of shares issued. While the Company may envisage using treasury stock as consideration for M&A or other transactions, given the Company's financial conditions, using interest-bearing debt rather than treasury stock would be more likely to enhance the stock value.

Furthermore, this situation in which the Company continues to hold a large number of treasury shares means that the Company's shares could be diluted at any time for shareholders.

In light of the above, it is conceivable that the cancellation of treasury stock will contribute to improving the Company's shareholder value. Yet despite this, the Board of Directors has not made any decisions on the cancellation of treasury stock. Therefore, we propose amending the Articles of Incorporation to allow treasury stock to be canceled by a resolution of the general meeting of shareholders.

◆ **Opinion of the Board of Directors**

The Board of Directors opposes this Shareholder Proposal.

◆ Reason for opposing the proposal

The Company believes that it is appropriate to flexibly consider and implement capital policies, including the cancellation of treasury stock held by the Company, in an agile manner, based on the business environment at the time, and that such efforts will contribute to the Company's corporate value.

Furthermore, the proposal mentions that the Company holds approximately 1.02 million shares of treasury stock as of December 31, 2021. Still, such treasury stock includes the Company shares held by the Custody Bank of Japan (approximately 390,000 shares). These shares held by the Custody Bank of Japan are shares that the Company disposed of in the form of treasury stock totaling 425,900 shares (*1) in August 2018 and December 2021 to deliver shares to eligible officers and employees under the performance-based stock remuneration plan that the Company introduced for its directors and employees as part of its use of treasury stock, and thus these shares have a defined purpose of use. Therefore, strictly speaking, the number of treasury stock held by the Company as of March 31, 2022, was 629,684 shares, which is equivalent to 1.79% of the 35,242,846 shares issued by the Company, and we do not believe that this is an excessive level (*2).

We will continue to consider various ways to utilize our treasury stock, including continuing the performance-linked stock remuneration plan to strengthen our remuneration structure with an awareness of corporate governance and using treasury stock in M&A.

(*1) Of the 425,900 treasury shares we sold to the Custody Bank of Japan, 35,202 were withdrawn by May 2022, and thus the Custody Bank of Japan currently holds 390,698 treasury shares.

(*2) According to a survey by the Tokyo Stock Exchange and others ("2020 Shareownership Survey" dated July 7, 2021), the percentage of treasury stock held by the 3,823 domestic listed companies on the Tokyo, Nagoya, Fukuoka, and Sapporo stock exchanges as of March 31, 2021 was 4.13%.

As stated above, we believe that the Company's treasury stock holding is reasonably conducted based on a rational necessity. In addition, we do not think that it is appropriate to include the content of the request in provisions in the Articles of Incorporation, a document laying out the basic principles that guide the Company.

Therefore, the Board of Directors opposes this proposal.

Proposal 6: Cancellation of treasury stock

1. Details of the Proposal

Subject to the approval of Proposal 2, all treasury stock held by the Company shall be canceled.

2. Reason for the Proposal

As stated in the reasons for proposal 2, since the cancellation of treasury stock will contribute to increasing the shareholder value of the Company, we propose that all treasury stock held by the Company be canceled if the amendments to the Articles of Incorporation proposed in proposal 2 are approved.

(Note from the Company) “Proposal 2” refers to “Proposal 5”.

◆ **Opinion of the Board of Directors**

The Board of Directors opposes this Shareholder Proposal.

◆ Reason for opposing the proposal

The reason for opposition is the same for opposition as stated in “Proposal 5: Revisions to the Articles of Incorporation with regard to the cancellation of treasury stock” above.

Therefore, the Board of Directors opposes this proposal.

Proposal 7: Revisions to the Articles of Incorporation with regard to dialogue with shareholders

1. Details of the Proposal

Add the following chapter and article to the current Articles of Incorporation:

Chapter 10 Dialogue with Shareholders

(Dialogue with Shareholders)

Article 40 If a shareholder holder who holds 1% or more of the voting rights of all shareholders makes a request to the Company for a meeting with a Director nominated by the shareholder, such Director shall respond to the request and meet with the shareholder within thirty days.

2. Reason for the Proposal

When the proposing shareholder requested a meeting with three outside directors in order for the directors to lead the discussion on improving shareholder value at a Board of Directors' meeting, the Company refused to have the meeting with any of the directors on the grounds that the Company has adopted a spokesperson system.

Such refusal to meet with shareholders conflicts with Supplementary Principle 5.1.1 of the Corporate Governance Code ("CGC"), which stipulates that, "Taking the requests and interests of shareholders into consideration, to the extent reasonable, the senior management, directors, including outside directors, and Audit & Supervisory Board Members, should have a basic position to engage in dialogue (management meetings) with shareholders." It also inhibits the stewardship responsibilities that the proposing shareholder as an institutional investor seeks to fulfil.

We, therefore, propose that when a shareholder who holds more than a certain number of voting rights makes a request, the nominated director shall meet with that shareholder.

◆ **Opinion of the Board of Directors**

The Board of Directors opposes this Shareholder Proposal.

◆ Reason for opposing the proposal

The Company wishes to deepen our shareholders' understanding of our business, environment, and management policies through constructive dialogue, while at the same time making use of their valuable opinions in the development and expansion of our business activities.

From this perspective, we have published the TACHI-S Basic Policy of Corporate Governance (URL: https://www.tachi-s.co.jp/dcms_media/other/governance.pdf [in Japanese only]) and appointed an officer in charge of the Corporate Management Division to oversee such dialogue in order to promote constructive dialogue with our shareholders from the perspective of the Group's sustainable growth and medium- to long-term enhancement of our corporate value. Based on the above policy, the officer and employees in charge of investor relations hold individual meetings with shareholders. We have developed a system to report opinions, etc., received from shareholders during individual meetings to senior management and outside directors as appropriate. We have held individual meetings with the shareholder who made this proposal based on the above-stated policy. We will continue to review our disclosure policy. If a shareholder requests an individual meeting with one or more officers, we will consider and determine our response as a company, including consulting with the officers who will conduct the meeting, based on the background and other details relating to the request and our circumstances, and hold an individual meeting with the shareholder to the extent reasonable. Moreover, the representative directors will hold meetings to announce our financial results and create and promote opportunities for constructive dialogue with shareholders and listen to the opinions of our shareholders while working to gain their understanding of our management policies. On the other hand, it is difficult to establish a clear and reasonable threshold for "shareholders who hold more than a certain number of voting rights" and to take special measures to respond to requests for meetings from such shareholders, as outlined in this proposal. The Board of Directors does not believe that it is appropriate to include the request in provisions in the Articles of Incorporation, a document that lays out the basic principles that guide the Company.

Therefore, the Board of Directors opposes this proposal.

Proposal 8: Revisions to the Articles of Incorporation with regard to cross-shareholdings

1. Details of the Proposal

Add the following chapter and article to the current Articles of Incorporation:

Chapter 11 Cross-Shareholdings

(Verification of the Purpose of Cross-shareholdings and Disclosure of the Results)

Article 41

- (1) At least once a year, the Company shall communicate its desire to sell its cross-held shares to the issuers of those shares to verify whether the purpose of cross-shareholdings is actually fulfilled by maintaining the cross-shareholdings.
- (2) The Company shall disclose the response from each issuing company to the consultation regarding the sale of the shares discussed in the preceding paragraph in the Corporate Governance Report the Company submits to the Tokyo Stock Exchange.

2. Reason for the Proposal

The proposing shareholder believes that there should be no cross-shareholdings whatsoever and that there is no causal relationship between cross-shareholdings and business relationships.

In fact, almost all of the issuing companies of cross-held shares held by the Company have complied with CGC Supplementary Principle 1.4.1, and in response to inquiries by the proposing shareholder to the issuing companies, several companies, including TOYOTA BOSHOKU CORPORATION, denied any relationship between shareholdings and transactions.

Therefore, we consider that it is a mistake for the Company to disclose in its Annual Securities Report for the year ended March 31, 2021, that “maintaining and expanding business” and “business collaboration” are the purposes of holding cross-shareholdings.

In light of the above-stated response from the issuing companies, the shareholder proposals request a re-examination of whether the objectives of holding cross-shareholdings disclosed by the Company are actually being fulfilled. The policy should be to reduce the size of the cross-shareholdings for which the purpose of the holding has not been fulfilled, in accordance with the CGC, as such holdings are not considered reasonable.

◆ **Opinion of the Board of Directors**

The Board of Directors opposes this Shareholder Proposal.

◆ Reason for opposing the proposal

Cooperative relationships with various stakeholders are essential for the Group to survive the global competition and continue to grow sustainably as an automotive parts manufacturer. Our basic policy regarding cross-shareholdings, which we hold for business environment and business strategy requirements, is to continue to maintain a reasonable number of cross-shareholdings that we consider necessary for our business in the future to a reasonable extent while changing the content of our holdings, including reducing the size, in accordance with new and evolving business opportunities. Specifically, with regard to listed stocks, our basic policy is to keep the balance of cross-shareholdings below 10% of consolidated net assets. The Board of Directors then verifies the appropriateness of holding each individual stock by scrutinizing and considering the purpose and economic rationale for owning the stock.

Based on the above-stated policy, the Board of Directors examined the appropriateness of holding each individual stock. As a result, the Company sold all of its shares in five stocks (totaling 1,482 million yen) in the fiscal year ended March 31, 2022, thereby reducing the balance of cross-shareholdings as of March 31, 2022, to 9.3% of consolidated net assets. In the fiscal year ending March 31, 2023 and beyond, the Board of Directors will continue to examine the appropriateness of holding each individual stock by examining and considering the purpose and economic rationale for holding the cross-shareholdings in detail. We will also endeavor to obtain our shareholders’ understanding of our holdings and reductions in the cross-held shares by examining the appropriateness of holding each individual stock and explaining the purpose of keeping them and our policy regarding their sale.

As described above, we are in the process of considering and making decisions on holding or selling each individual stock through the above policies and initiatives. We do not believe that it is necessarily an appropriate approach for us or our stakeholders to require us to inform the issuing company of our intention

to sell its stocks regardless of our intention, or the intention of the issuing company, and to disclose the issuing company's response, as described in this proposal. It is appropriate to maintain the current policy where the Board of Directors discusses and decides on the significance of holding stocks after carefully examining and considering the purpose and effect of holding each individual stock and its economic rationality, etc. We do not believe that it is appropriate to include this proposal in the Articles of Incorporation, a document that lays out the basic principles that guide the Company.

Therefore, the Board of Directors opposes this proposal.

(Attachments)

Business Report

(From April 1, 2021 to March 31, 2022)

1. Matters pertaining to the corporate group

(1) Business progress and results

In the fiscal year under review, there were some signs of recovery in the Japanese economy as vaccines to protect against COVID-19 led to progress in learning to live with the virus. However, the future remains uncertain due to the impact of semiconductor shortages and a spike in distribution costs and raw material prices. Overseas, there were signs of recovery as economic activity resumed in stages, but the outlook also remains uncertain here, given the sharp spread of COVID-19 infections from the end of 2021, the cooling of China's real estate market, constraints on economic activity under China's zero-Covid policy, and the impact of Russia's invasion of Ukraine.

In the auto industry in which the Group operates, the number of vehicles sold globally is recovering to pre-pandemic levels, but the number of new vehicles sold in Japan has undercut 4.5 million for the first time since 2011 due to the halt in production activity attributable to global semiconductor shortages.

In addition, efforts to address environmental problems, particularly through carbon neutrality, are accelerating rapidly, and the auto industry is increasingly going electric. For the first time, the number of new electric vehicles (EVs) sold exceeded the sale of new hybrid vehicles (HVs).

Our main activities in the fiscal year under review were improvements to the revenue structure, such as structural reforms, primarily in Japan, Latin America, and North America, activities aimed at lowering costs by reinforcing manufacturing competitiveness, streamlining and improving the efficiency of businesses, and thoroughly reducing costs on a global basis as we worked to raise profitability. We focused on deepening, evolving, and modernizing to reform our business portfolio. On the "deepening" side, we received orders for the parts business, including the TTK-X frame (a front-seat frame), mechanism elements, trim covers, and one-piece foam, and began activities aimed at mass production. On the "evolving" side, we pursued collaboration activities in different industries as a space producer, and planned and proposed the value of new spaces and experiences in future mobility. On the "modernizing" side, we launched a new organization and started open innovation activities. In addition, we set up solar power panels in China and Mexico as a carbon-neutral initiative, and introduced it at several factories in addition to the Technical Monozukuri Center already operating in Japan.

In this operating environment, net sales increased 4.0% over the previous fiscal year to 206,441 million yen, which led to an operating loss of 4,203 million yen (compared with an operating loss of 7,753 million yen in the previous fiscal year) and an ordinary loss of 3,536 million yen (compared with an ordinary loss of 7,270 million yen in the previous fiscal year), and a net loss attributable to owners of parent totaling 2,059 million yen (compared with a net loss attributable to owners of parent amounting to 13,701 million yen in the previous fiscal year).

Due to the adoption of the Accounting Standards for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), net sales decreased 22,824 million yen.

Earnings in the business segments are as follows.

① Japan

Net sales totaled 80,763 million yen (down 8.7% over the previous fiscal year) and the operating loss totaled 1,684 million yen (operating loss of 2,236 million yen in the previous fiscal year).

Net sales decreased 22,824 million yen due to the adoption of Account Standards on Revenue Recognition.

② North America

Net sales totaled 38,492 million yen (up 31.0% over the previous fiscal year) and the operating loss totaled 2,454 million yen (operating loss of 2,182 million yen in the previous fiscal year).

③ Latin America

Net sales totaled 51,420 million yen (up 24.9% over the previous fiscal year) and the operating loss totaled 1,627 million yen (operating loss of 4,010 million yen in the previous fiscal year).

④ Europe

Net sales totaled 1,110 million yen (up 89.1% over the previous fiscal year) and operating income totaled 133 million yen (up 350.0% over the previous fiscal year).

⑤ China

Net sales totaled 32,629 million yen (down 13.5% over the previous fiscal year) and operating income totaled 1,969 million yen (up 73.1% over the previous fiscal year).

⑥ Southeast Asia

Net sales totaled 2,025 million yen (up 74.8% over the previous fiscal year) and the operating loss totaled 342 million yen (operating loss of 661 million yen in the previous fiscal year).

(2) Capital expenditures

We implemented a total of 4,503 million yen in capex, primarily for production facilities in relation to new orders, model changes, and so on.

(3) Financing

None.

(4) Business transfers, absorption-type company splits or incorporation-type company splits

None.

(5) Business transfers from other companies

None.

(6) Assumption of rights or liabilities in relation to the business of other legal entities, etc., as a result of absorption-type mergers or absorption-type company splits

None.

(7) Acquisition or disposal of shares, other equity stakes, or subscription rights to shares of other companies

None.

(8) Issues to be addressed

The Group is involved in the automobile industry, which operates in an environment that is undergoing an accelerated transformation as a result of various technical innovations, such as the shift to self-driving and automated vehicles, which has led to intense technological competition. In order to enhance our competitiveness, we must strengthen our proficiency in future-oriented technical development, as well as our Monozukuri capabilities on a global basis.

The Group's response to this environment is to aim to become a company that is consistently chosen by its customers, based on the trust they have in us as a global seat systems creator that can develop seats, including seat frames, tailored to the expectations and needs of customers, and manufacture them globally.

To that end, we will work on the following key activities.

- ① Through efficient Monozukuri activities, we will generate proposals that offer value to customers by virtue of their technological and cost competitiveness, and promote sales and marketing activities that lead to us receiving orders.
- ② By implementing various improvements to the quality of Monozukuri operational processes, ensuring that the Monozukuri teams work together as one to establish frontloading activities, and practicing appropriate program management, we will provide products and services that meet our QCT targets.
- ③ In order to promote efficient activity at regional headquarters and operating companies, we will deepen cooperation between regional and global headquarter functions, and implement global PDCA cycle management with a sense of urgency.

We will also work on initiatives to strengthen corporate governance in order to overcome global competition and increase corporate value.

We request the continued support of shareholders going forward.

(9) Changes in assets and operating results

Account name	Period	67th term (FY3/2019)	68th term (FY3/2020)	69th term (FY3/2021)	70th term (FY under review) (FY3/2022)
Net sales	(Million yen)	300,530	282,302	198,500	206,441
Ordinary profit (loss)	(Million yen)	7,049	1,080	(7,270)	(3,536)
Profit (loss) attributable to owners of parent	(Million yen)	1,951	(1,567)	(13,701)	(2,059)
Earnings (loss) per share	(yen)	55.30	(45.54)	(400.53)	(60.19)
Total assets	(Million yen)	173,433	162,171	150,994	158,997
Net assets	(Million yen)	97,506	91,980	78,670	79,181
Net assets per share	(yen)	2,644.92	2,498.85	2,119.66	2,129.09

Note 1. Earnings or loss per share is calculated using the average of the total number of issued shares for the period, whereas net assets per share is calculated using the total number of issued shares at the end of the period. In both cases they are calculated using the number of shares from which the number of treasury shares has been subtracted.

- In the 67th term, strong sales, primarily in Japan, led to an increase in net sales. However, the impact of changes in the product mix both in Japan and overseas, as well as exchange rate volatility following the depreciation of developing country currencies, led to declines in ordinary profit and profit attributable to owners of parent.
- In the 68th term, sales as a whole fell both in Japan and overseas, resulting in a decline in net sales. In addition to the impact of lower net sales, changes in the product mix, increases in costs incurred for preparations for mass production of products used in new vehicle models, and higher R&D expenses resulted in a decline in ordinary profit and a loss attributable to owners of parent.
- In the 69th term, net sales fell due to the impact of the spread of COVID-19 and the decline in automobile production caused by the global shortage of semiconductors. This resulted in an ordinary loss and a loss attributable to owners of parent.
- The situation in the 70th term is as described in “(1) Business progress and results.”

(10) Important parent company and subsidiaries

① Relationship with parent company

None.

② Relationship with important subsidiaries

Name	Capital	TACHI-S investment ratio	Main components of the business
TF-METAL Co., Ltd.	50 Million yen	100.0%	Development, manufacture, and sale of automotive seat parts in Japan
Nui Tec Corporation	325 Million yen	100.0	Manufacture and sale of automotive seat trim parts in Japan
TACHI-S H&P Co., Ltd.	40 Million yen	100.0	Manufacture and sale of springs, automotive seat parts, and medical beds in Japan
TF-METAL Iwata Co., Ltd.	15 Million yen	100.0 (100.0)	Manufacture and sale of automotive seat parts in Japan
TF-METAL Kyushu Co., Ltd.	10 Million yen	100.0 (100.0)	Manufacture and sale of automotive seat parts in Japan
TF-METAL Higashi Mikawa Co., Ltd.	10 Million yen	100.0 (100.0)	Manufacture of automotive seat parts in Japan

Name	Capital	TACHI-S investment ratio	Main components of the business
TACHI-S Engineering U.S.A., Inc.	43 Million USD	100.0	Marketing, development operations, and business administration in North America
TF-METAL Americas Corporation	0 Million USD	100.0 (100.0)	Development and business administration in the Americas
SETEX, Inc.	5 Million USD	51.0 (51.0)	Manufacture and sale of automotive seats in the U.S.A.
TACHI-S Automotive Seating U.S.A., LLC	22 Million USD	100.0 (100.0)	Manufacture and sale of automotive seats in the U.S.A.
TF-METAL U.S.A., LLC	10 Million USD	100.0 (100.0)	Manufacture and sale of automotive seat parts in the U.S.A.
TACHI-S Canada, Ltd.	12 Million CAD	100.0 (100.0)	Business administration in Canada
TACHI-S Engineering Latin America, S.A. de C.V.	2,184 Million MXN	100.0 (100.0)	Development and business administration in Latin America
Industria de Asiento Superior, S.A. de C.V.	26 Million USD	100.0 (19.2)	Manufacture and sale of automotive seats and seat parts in Mexico
SETEX Automotive Mexico, S.A. de C.V.	24 Million USD	95.0 (95.0)	Manufacture and sale of automotive seats in Mexico
TF-METAL Mexico, S.A. de C.V.	27 Million USD	100.0 (100.0)	Manufacture and sale of automotive seat parts in Mexico
TACHI-S Brasil Industria de Assentos Automotivos Ltda.	275 Million BRL	100.0 (100.0)	Manufacture and sale of automotive seats in Brazil
TACHI-S Engineering Europe S.A.R.L.	23 Million EUR	100.0	Marketing and development operations, as well as manufacture and sale of automotive seat parts in Europe
TACHI-S China Co., Ltd.	259 Million RMB	100.0	Marketing, development operations, and business administration in China
Wuhan Dongfeng TACHI-S Adient Automotive Seating Co., Ltd.	43 Million RMB	50.0	Manufacture and sale of automotive seats in China
TACLE Guangzhou Automotive Seat Co., Ltd.	66 Million RMB	51.0	Manufacture and sale of automotive seats in China
Hunan TACHI-S Automotive Seating Co., Ltd.	40 Million RMB	51.0 (51.0)	Manufacture and sale of automotive seats in China
TACHI-S Lear DFM Automotive Seating (Xiangyang) Co., Ltd.	30 Million RMB	51.0 (51.0)	Manufacture and sale of automotive seats in China
TACHI-S Trim Guangzhou Co., Ltd.	38 Million RMB	100.0	Manufacture and sale of automotive seat trim parts in China
TACHI-S Trim Wuhan Co., Ltd.	35 Million RMB	100.0 (100.0)	Manufacture and sale of automotive seat trim parts in China
Zhejiang TACHI-S Automotive Parts Co., Ltd.	142 Million RMB	82.8 (82.8)	Manufacture and sale of automotive seat frame parts in China
TF-METAL Guangzhou Co., Ltd.	40 Million RMB	85.0 (51.0)	Manufacture and sale of automotive seat parts in China
TF-METAL Zhejiang Co., Ltd.	251 Million RMB	82.8 (45.5)	Manufacture and sale of automotive seat parts in China
Zhejiang Fu Chong Tai Automotive Parts Co., Ltd.	109 Million RMB	82.8 (82.8)	Manufacture and sale of automotive seat parts in China
TACHI-S (Thailand) Co., Ltd.	771 Million THB	100.0	Business administration in Southeast Asia and India
TACHI-S Automotive Seating (Thailand) Co., Ltd.	153 Million THB	100.0	Manufacture and sale of automotive seats and seat parts in Thailand

Note 1. The figures within the parentheses in the TACHI-S investment ratio column refer to the investment ratio of the Company's subsidiaries, which is included in the investment ratio for the Company itself.

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

③ Matters relating to specified wholly owned subsidiaries
None.

(11) Main components of the business (as of March 31, 2022)

Manufacture and sale of automotive seats and seat parts

(12) Main business locations and plants (as of March 31, 2022)

① TACHI-S CO., LTD.

Head Office	3-3-7, Matsubara-cho, Akishima-shi, Tokyo	
Technical Center	Technical Monozukuri Center (Ome-shi, Tokyo) Technical Center Aichi (Anjo-shi, Aichi Prefecture)	
Plants	Aichi Plant (Anjo-shi, Aichi Prefecture) Ome Plant (Ome-shi, Tokyo) Hiratsuka Plant (Hiratsuka-shi, Kanagawa Prefecture)	Musashi Plant (Iruma-shi, Saitama Prefecture) Tochigi Plant (Shimotsuke-shi, Tochigi Prefecture) Suzuka Plant (Suzuka-shi, Mie Prefecture)

② Subsidiaries

Name	Location
TF-METAL Co., Ltd.	Kosai-shi, Shizuoka Prefecture
Nui Tec Corporation	Ome-shi, Tokyo
TACHI-S H&P Co., Ltd.	Ome-shi, Tokyo
TF-METAL Iwata Co., Ltd.	Iwata-shi, Shizuoka Prefecture
TF-METAL Kyushu Co., Ltd.	Nakatsu-shi, Oita Prefecture
TF-METAL Higashi Mikawa Co., Ltd.	Shinshiro-shi, Aichi Prefecture
TACHI-S Engineering U.S.A., Inc.	Michigan, U.S.A.
TF-METAL Americas Corporation	Michigan, U.S.A.
SETEX, Inc.	Ohio, U.S.A.
TACHI-S Automotive Seating U.S.A., LLC	Tennessee, U.S.A.
TF-METAL U.S.A., LLC	Kentucky, U.S.A.
TACHI-S Canada, Ltd.	Nova Scotia, Canada
TACHI-S Engineering Latin America, S.A. de C.V.	Aguascalientes, Mexico
Industria de Asiento Superior, S.A. de C.V.	Aguascalientes, Mexico
SETEX Automotive Mexico, S.A. de C.V.	Guanajuato, Mexico
TF-METAL Mexico, S.A. de C.V.	Aguascalientes, Mexico
TACHI-S Brasil Industria de Assentos Automotivos Ltda.	State of Rio de Janeiro, Brazil
TACHI-S Engineering Europe S.A.R.L.	Meudon-la-Forêt, France
TACHI-S China Co., Ltd.	Guangdong, China
Wuhan Dongfeng TACHI-S Adient Automotive Seating Co., Ltd.	Hubei, China
TACLE Guangzhou Automotive Seat Co., Ltd.	Guangdong, China
Hunan TACHI-S Automotive Seating Co., Ltd.	Hunan, China
TACHI-S Lear DFM Automotive Seating (Xiangyang) Co., Ltd.	Hubei, China
TACHI-S Trim Guangzhou Co., Ltd.	Guangdong, China
TACHI-S Trim Wuhan Co., Ltd.	Hubei, China
Zhejiang TACHI-S Automotive Parts Co., Ltd.	Zhejiang, China

Name	Location
TF-METAL Guangzhou Co., Ltd.	Guangdong, China
TF-METAL Zhejiang Co., Ltd.	Zhejiang, China
Zhejiang Fu Chong Tai Automotive Parts Co., Ltd.	Zhejiang, China
TACHI-S (Thailand) Co., Ltd.	Bangkok, Thailand
TACHI-S Automotive Seating (Thailand) Co., Ltd.	Bangkok, Thailand

Note: The address given in the “Location” column is for the head office of the company.

(13) Employees (as of March 31, 2022)

① Employees in the corporate group

Number of employees	Year-on-year change
11,426	-995

Note 1. The number of employees is the number of persons employed. The above figure does not include 1,231 temporary and other employees.

2. The main cause of the decrease was restructuring conducted by Industria de Asiento Superior, S.A. de C.V.

② Employees in the Company

Number of employees	Year-on-year change	Average age	Average years of service
1,225	-52	38.1 years	14.2 years

Note: The number of employees is the number of persons employed. The above figure does not include 60 temporary and other employees.

(14) Main creditors (as of March 31, 2022)

Creditor	Outstanding balance
Sumitomo Mitsui Banking Corporation	18,249
MUFG Bank, Ltd.	2,223
Nippon Life Insurance Company	500
Sumitomo Mitsui Trust Bank, Limited	300
Resona Bank, Limited	200
Meiji Yasuda Life Insurance Company	200
MUFG Bank México, S.A.	158

(15) Other important matters pertaining to the corporate group

None.

2. Matters pertaining to the shares of the Company (as of March 31, 2022)

- (1) Total number of authorized shares 140,000,000Shares
(2) Total number of issued shares 35,242,846Shares (Including 629,684 treasury shares)
(3) Number of shareholders 6,662 (-8,649 year on year)
(4) Major shareholders

Shareholder name	Number of shares held	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,000 shares 4,757	% 13.74
INTERTRUST TRUSTEES CAYMAN LIMITED AS TRUSTEE OF JAPAN-UP UNIT TRUST	2,316	6.69
Custody Bank of Japan, Ltd. (Trust Account)	1,940	5.61
TOYOTA BOSHOKU CORPORATION	1,521	4.39
SSBTC CLIENT OMNIBUS ACCOUNT	1,518	4.39
NORTHERN TRUST CO.(AVFC) SUB A/C USL NON-TREATY	1,141	3.30
KASAI KOGYO CO., LTD.	905	2.62
Shizuka Saito	805	2.33
TACHI-S Business Partner Share Ownership Association	779	2.25
Sumitomo Mitsui Banking Corporation	750	2.17

Note: Shareholding ratio is calculated after subtracting 629,684 treasury shares. Furthermore, the Company has adopted a performance-linked share-based remuneration plan, and the 390,698 shares of the Company held by the Custody Bank of Japan, Ltd. (Trust Account) as trust assets for this plan are not included in treasury shares.

(5) Shares issued to Officers of the Company as consideration for execution of their duties during the fiscal year under review

None.

(6) Other important matters pertaining to shares

None.

(7) Other matters pertaining to shares held by the Company

① Policy on strategic shareholdings

In order for the Group to overcome global competition as an automotive parts manufacturer and to continue to grow sustainably going forward, cooperative relationships with a variety of stakeholders are indispensable. For strategic shareholdings arising from the demands of the business environment or business strategy, we maintain those positions that are considered necessary for the “deepening” of the business, within reasonable bounds. On the other hand, our basic policy on strategic shareholdings is to make adjustments, including reductions, to other shareholdings in line with the “renewing” and “innovating” of the business. Specifically, for listed shares, our basic policy is for the balance of strategic shareholdings to account for less than 10% of consolidated net assets. The Board of Directors scrutinizes and considers concrete issues, such as the purpose of each shareholding and its economic rationale, when ascertaining in each case whether or not it deserves to be held.

② Reductions

In FY2021, we sold five listed stocks for a sale value of 1,482 million yen, bringing total reductions for the period from FY2019 to FY2021 to five listed stocks and one unlisted stock. As a result, the number of stocks has been cut from 28 on March 31, 2019, to 22 stocks on March 31, 2022.

③ Total strategic shareholdings on the balance sheet (as of March 31, 2022)

Account name	Period	68th term (FY3/2020)	69th term (FY3/2021)	70th term (FY3/2022)
Number of stocks		28	27	22
Total amount on balance sheet (Million yen)		6,809	8,752	7,396
Percentage of consolidated balance sheet (%)		7.4	11.1	9.3

④ Criteria for exercising voting rights in strategic shareholdings

When exercising voting rights in strategic shareholdings, our assumption is that improvements to the corporate value of the investee company over the medium to long term will be reflected in returns to shareholders, and we exercise voting rights after a comprehensive review of such factors as shareholder returns policy, and initiatives for corporate governance and corporate social responsibility.

Note: There are no stocks that are deemed shareholdings.

3. Matters pertaining to subscription rights to shares of the Company

None.

4. Matters pertaining to the Officers of the Company

(1) Names of Member of the Board of Directors and Audit & Supervisory Board Members (as of March 31, 2022)

Position	Name	Areas of responsibility and important concurrent roles
Representative Director & Chairman Chief Executive Officer	Taro Nakayama	
Representative Director & President (Chief Operating Officer)	○ Yuichiro Yamamoto	In charge of Global Headquarters, Division Manager of Quality Management Division
Senior Corporate Advisor of the Board of Directors	Kiyoshi Saito	
Member of the Board of Directors (Executive Managing Officer)	○ Kunio Arishige	Division Manager of Monozukuri Division
Member of the Board of Directors (Executive Managing Officer)	○ Kazumi Tamura	Division Manager of Business Division Chief of Business Group No.2
Member of the Board of Directors (Executive Managing Officer)	○ Atsushi Komatsu	Division Manager of Corporate Management Division In charge of Compliance and CSR
Outside Director	Toshio Kinoshita	Representative Director & President of Global Professional Partners Corp. Outside Audit & Supervisory Board Member of Cool Japan Fund Inc. Outside Audit & Supervisory Board Member of Panasonic Holdings Corporation Outside Director, Chairman of Audit & Supervisory Committee of ADK Holdings Inc. Outside Director, Audit & Supervisory Committee Member of Denka Company Limited
Outside Director	Hidetaka Mihara	Partner at Nagashima Ohno & Tsunematsu
Outside Director	Yoshiaki Nagao	Executive Advisor of YAMABIKO CORPORATION
Audit & Supervisory Board Member	Naozumi Matsui	
Audit & Supervisory Board Member	Masato Kimura	
Outside Audit & Supervisory Board Member	Shinsuke Matsuo	Partner at Sakura Kyodo Law Offices
Outside Audit & Supervisory Board Member	Nobuaki Ozawa	Chief Executive Officer of Ozawa CPA Firm Representative Partner of Ozawa Accounting Firm Council Member of Meisei Gakuen Auditor of TAMASHIN Culture Foundation Auditor of The Tama Shinkin Bank

Note 1. Audit & Supervisory Board Member Naozumi Matsui and Outside Audit & Supervisory Board Member Nobuaki Ozawa have Certified Public Accountant qualifications, and considerable knowledge of finance and accounting.

2. The Company has designated Outside Director Toshio Kinoshita and Yoshiaki Nagao, and Outside Audit & Supervisory Board Member Nobuaki Ozawa, as independent officers in accordance with the regulations of the Tokyo Stock Exchange, and has notified the exchange to that effect. Outside Director Hidetaka Mihara meets the independence criteria of the Tokyo Stock Exchange and thus qualifies as an independent officer, but due to the policy of the legal firm with which he is affiliated, we have not notified the Tokyo Stock Exchange to that effect.
3. ○ denotes an individual serving concurrently as an Executive Managing Officer, with the position described in parentheses.
4. At the 69th Annual General Meeting of Shareholders held on June 23, 2021, Masato Kimura was elected Audit & Supervisory Board Member for the first time and took up his position.
5. At the conclusion of the 69th Annual General Meeting of Shareholders held on June 23, 2021, Ichiro Konno stepped down as Audit & Supervisory Board Member as a result of resigning from that position.
6. Outside Audit & Supervisory Board Member Shinsuke Matsuo is affiliated with Sakura Kyodo Law Offices, with which the Company has concluded a legal advisory agreement, but attorney fees paid to Sakura Kyodo Law Offices in the most recent fiscal year were negligible for both parties, amounting to less than 0.001% of the Company's consolidated revenue and less than 0.15% of the law office's net sales. Accordingly, there is no risk that this will lead to a conflict of interest with general shareholders, and it is not large enough to affect his independence. There are no special relationships between the Company and organizations at which other officers have important concurrent roles.

7. Initiatives for women's empowerment

The Company does not have any female Directors, but in order to establish a workplace in which women can fully participate and demonstrate their abilities in accordance with the Act on the Promotion of Female Participation and Career Advancement in the Workplace, we have formulated an action plan with the following targets for the end of FY2024, with the goal of being able to appoint female Directors in the future.

- ① Raise the proportion of women among new graduate hires to at least 30%
 - 1) Consider whether or not there are issues that disadvantage women during hiring
 - 2) Consider our past record of hiring, and correct any problems
- ② Raise the proportion of female managers to at least 10%
 - 1) Implement a rank-specific competency education program to support employee self-expression and career formation
 - 2) Implement a skills survey with the aim of promoting strategic personnel assignment and education
- ③ Clarify key positions globally
 - 1) Clarify positions that are strategically important in terms of supporting the ongoing development of the Company on a global basis (key positions). Raise the level of human resources and secure them for the future by developing, pooling, and assigning the personnel of the next generation, without categorizing them into women, foreign nationals, or mid-career hires.
 - 2) Set global targets (to be achieved by 2024) for female managers during FY2022, and launch initiatives
- ④ Promote flexible work styles
 - 1) Encourage use of paperless working
 - 2) Introduce allowances for working at home
 - 3) Collect data on the ratio of paid leave taken, and encourage line managers to take it
 - 4) Encourage employees to take paid leave before and after long periods of leave, and publicize the annual schedule
 - 5) For managers, create a system enabling paid leave to be taken in half-day units
- ⑤ Past record and targets for the proportion of female managers

68th term (FY3/2020)	69th term (FY3/2021)	70th term (FY3/2022)	73rd term (FY3/2025)
1.6% (4 persons out of 254)	2.3% (4 persons out of 172)	3.4% (6 persons out of 175)	10% (target)

8. On June 27, 2001, the Company introduced an Executive Managing Officer system. The status of Executive Managing Officers who do not concurrently serve as Directors is as follows.

Position	Name	Areas of responsibility and important concurrent roles
Executive Managing Officer	Sumio Ono	President, Regional Headquarters for China President, TACHI-S China Co., Ltd.
Executive Managing Officer	Gonzalo Esparza	Chief of Global Business Management Group, Corporate Management Division
Executive Managing Officer	Takao Ito	Deputy Division Manager of Monozukuri Division
Executive Managing Officer	Shuichi Matsunaga	Chief of Purchasing Group, Monozukuri Division
Executive Managing Officer	Kazuya Shishido	President, Regional Headquarters for Latin America Director and President, TACHI-S Engineering Latin America, S.A. de C.V. Director and President, Industria de Asiento Superior, S.A. de C.V.
Executive Managing Officer	Masao Saito	President, Regional Headquarters for North America Director and President, TACHI-S Engineering U.S.A., Inc.
Executive Managing Officer	Hideaki Igawa	Chief of Business Group No. 3, Business Division
Executive Managing Officer	Yoshiaki Kubo	Chief of Product Development Group, Monozukuri Division
Executive Managing Officer	Shigeo Komatsu	Chief of Business Group No. 1, Business Division
Executive Managing Officer	Akiyoshi Murakami	Chief of Production and Technology Development Group, Monozukuri Division
Executive Managing Officer	Tomoaki Harashima	In charge of TF-METAL

(2) Summary of liability limitation agreement

Pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with all outside officers to limit their liability for damages under Article 423, paragraph (1) of the same Act. The limitation on their liability for damages under this agreement shall be the minimum liability amount set forth in Article 425, paragraph (1) of the same Act.

(3) Summary of indemnity agreement

None.

(4) Summary of directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy pursuant to the provisions of Article 430-3, paragraph (1) of the Companies Act with an insurance company. This policy indemnifies the insured from responsibility for damages in connection to the execution of their duties, or against claims against them arising from the pursuit of such responsibility. However, there are certain grounds for exemption, such as damages not being indemnified in cases where they arise from acts committed in the knowledge that they infringe laws and regulations.

The insured under this insurance policy are Directors, Audit & Supervisory Board Members, and Executive Managing Officers. All insurance premiums are borne by the Company, and the insured are not responsible for insurance premiums.

(5) Remuneration, etc. for Directors and Audit & Supervisory Board Members for the fiscal year under review

① Matters pertaining to the policy for determining details of remuneration for individual Directors

The Company has set out a policy for determining the details of remuneration, etc. for individual Directors (“the Policy”), a summary of which follows.

Remuneration for the Directors of the Company is intended to be a system that takes into account joint ownership by Directors and shareholders of the risks and benefits associated with the corporate value of the Company, with the aim of incentivizing Directors to work for the sustainable growth of the Group and to improve corporate value over the medium to long term. Specifically, it consists of monthly remuneration (fixed), bonuses, and share-based remuneration (variable). The proportion of the different types of remuneration is roughly 2:1 in favor of fixed to variable (bonuses, share-based remuneration). The higher the position of the individual, the higher the proportion of the variable part. Furthermore, for Outside Directors, in consideration of their role neither bonuses nor share-based remuneration are paid.

The remuneration system for Audit & Supervisory Board Members consists of monthly remuneration only to

ensure the Outside Audit & Supervisory Board Members. In order to prevent them from being influenced by the performance of the Company, bonuses are not paid.

In addition, the methods used to decide the Policy are deliberated by a non-statutory Personnel Remuneration Committee (“the Remuneration Committee”) based on surveys of officer remuneration conducted by external survey organizations, with the results submitted as a proposal to the Board of Directors, which passes a resolution. The Remuneration Committee membership consists of six Directors, including two Independent Directors, in addition to which one Audit & Supervisory Board Member attends as an observer who may voice their opinion.

② Matters pertaining to the resolutions of the General Meeting of Shareholders in connection with remuneration, etc. of Directors and Audit & Supervisory Board Members

At the 58th Annual General Meeting of Shareholders held on June 25, 2010, it was resolved that monetary remuneration for Directors would be no more than 280 million yen annually (including 20 million yen for Outside Directors). At the conclusion of that Annual General Meeting of Shareholders there were nine Directors, of whom one was an Outside Director. In a separate framework to this monetary remuneration, at the 66th Annual General Meeting of Shareholders held on June 22, 2018, it was resolved to introduce a performance-linked stock remuneration plan, whereby the Company contributes funds to a trust up to a limit of 200 million yen in each trust period of three fiscal years to be used to purchase shares of the Company, with the total number of points granted to Directors during each period of three fiscal years being limited to 168,000 points (one point being equivalent to 1 share of the Company). At the conclusion of that Annual General Meeting of Shareholders there were seven Directors, including two Outside Directors and one non-executive Director, who were ineligible.

At the 58th Annual General Meeting of Shareholders held on June 25, 2010, it was resolved that monetary remuneration for Audit & Supervisory Board Members would be limited to 60 million yen annually. At the conclusion of that Annual General Meeting of Shareholders, there were four Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members.

③ Reasons for the Board of Directors’ judgment that details of remuneration for individual Directors are in line with the Policy

The limits to remuneration for Directors and Audit & Supervisory Board Members, and bonuses for Directors, are deliberated by the Remuneration Committee before being resolved by the Board of Directors, and then decided by a resolution of a General Meeting of Shareholders of the Company. Furthermore, because the details of remuneration for individual Directors and Audit & Supervisory Board Members are deliberated fully by the Remuneration Committee, after which they are discussed by Directors at meetings of the Board of Directors and by Audit & Supervisory Board Members at their own meetings before coming to a decision, the objectivity and transparency of the deliberation process is ensured, and the Board of Directors judges that the details are in line with the Policy.

④ Total amount, etc. of remuneration, etc. for Directors and Audit & Supervisory Board Members

Officer category	Total amount of remuneration, etc.	Total amount by type of remuneration, etc.			Number of eligible officers
		Basic remuneration	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	
Directors (Of which Outside Directors)	¥186 million (¥19 million)	¥167 million (¥19 million)	-	¥18 million	9 (3)
Audit & Supervisory Board Members (Of which Outside Audit & Supervisory Board Members)	¥39 million (¥9 million)	¥39 million (¥9 million)	-	-	5 (2)

Note 1. Bonuses are paid to Directors as performance-linked remuneration, etc. Bonuses are set after comprehensive consideration of such factors as the company performance each year, dividends, the level of employee bonuses, trends and performance over the medium to long term at other companies, and the past record of payments, and paid by resolution of a General Meeting of Shareholders. In addition, after comprehensive consideration, as described above, it was decided that bonuses for Directors would not be paid for the fiscal year under review.

2. As a form of non-monetary remuneration, etc., the Company has introduced a performance-linked stock remuneration plan for Directors (excluding Outside Directors and non-executive Directors). This stock

remuneration consists of basic points that vary according to the position of the individual, and performance points that vary according to the degree of attainment of performance targets. The basic points are fixed at an amount proportionate to the position of the individual, while the performance points are calculated in accordance with the degree of attainment of performance targets and are intended to raise awareness of the desirability of improving performance every fiscal year. The performance target originally set was profit attributable to owners of parent in the final year of the medium-term management plan, but in order to more closely align the viewpoints of shareholders and Directors, and to enforce joint ownership of benefits and risks, in FY2021 the Company began setting consolidated ROE for the fiscal year as a target. Points are awarded to those eligible during a set period of each year, after the passing of a resolution by the Board of Directors, and, in principle, the shares will be delivered to Directors at the time at which they resign. In addition, those who resign for personal reasons, or who are dismissed, may forfeit their points.

3. The above number of Directors and amounts of remuneration, etc., include one Audit & Supervisory Board Member who resigned as of the conclusion of the 69th Annual General Meeting of Shareholders held on June 23, 2021.

(6) Matters pertaining to outside officers

Main activities during the fiscal year under review

Name	Position	Main activities
Toshio Kinoshita	Outside Director	He attended 14 out of 14 meetings of the Board of Directors during the fiscal year under review, making comments as necessary based on an objective and global viewpoint, as well as extensive experience and specialized knowledge as a Certified Public Accountant. He also attended 7 out of 7 meetings of the Remuneration Committee during the fiscal year under review, making a substantial contribution to deliberations on human resources and remuneration for officers, etc., as well as helping to strengthen corporate governance by discussing issues related to the operation of the Board of Directors at meetings attended by Outside Directors and all Audit & Supervisory Board Members.
Hidetaka Mihara	Outside Director	He attended 14 out of 14 meetings of the Board of Directors during the fiscal year under review, making comments as necessary based on his specialized viewpoint as a lawyer, and from the perspective of strengthening the governance of the Group. He also made contributions to strengthening corporate governance by discussing issues related to the operation of the Board of Directors at meetings attended by Outside Directors and all Audit & Supervisory Board Members.
Yoshiaki Nagao	Outside Director	He attended 14 out of 14 meetings of the Board of Directors during the fiscal year under review, making comments as necessary in relation to appropriate decision-making by the Board of Directors, based on his extensive experience and wide-ranging knowledge as a manager. He also attended 6 out of 7 meetings of the Remuneration Committee during the fiscal year under review, making a substantial contribution to deliberations on human resources and remuneration for officers, etc., as well as helping to strengthen corporate governance by discussing issues related to the operation of the Board of Directors at meetings attended by Outside Directors and all Audit & Supervisory Board Members.
Shinsuke Matsuo	Outside Audit & Supervisory Board Member	He attended 14 out of 14 meetings of the Board of Directors during the fiscal year under review, as well as 11 out of 11 meetings of the Audit & Supervisory Board, making comments as necessary based on his specialized viewpoint as a lawyer. He also made contributions to strengthening corporate governance by discussing issues related to the operation of the Board of Directors at meetings attended by Outside Directors and all Audit & Supervisory Board Members.
Nobuaki Ozawa	Outside Audit & Supervisory Board Member	He attended 14 out of 14 meetings of the Board of Directors during the fiscal year under review, as well as 11 out of 11 meetings of the Audit & Supervisory Board, making comments as necessary based on his specialized viewpoint as a Certified Public Accountant. He also made contributions to strengthening corporate governance by discussing issues related to the operation of the Board of Directors at meetings attended by Outside Directors and all Audit & Supervisory Board Members.

Note: The number of times Outside Director Yoshiaki Nagao attended meetings is counted from the point at which he was appointed to the Remuneration Committee in June 2021.

5. Accounting auditors

(1) Name of accounting auditor

PricewaterhouseCoopers Aarata LLC

(2) Details of suspensions of business received by the accounting auditor over the previous two years

None.

(3) Summary of liability limitation agreement

None.

(4) Summary of indemnity agreement

None.

(5) Amount of remuneration, etc. for accounting auditor for the fiscal year under review

Category	Amount paid
Amount of remuneration, etc. related to the fiscal year under review	¥54 million
Total amount of cash and other financial benefits payable by the Company and its subsidiaries to the accounting auditor	¥54 million

Note 1. Major subsidiaries of the Company located overseas have been audited by audit firms other than the accounting auditor of the Company.

2. In the audit contract between the Company and the accounting auditor, there is no clear classification made between the amount of audit fees for auditing performed in accordance with the Companies Act and auditing performed in accordance with the Financial Instruments and Exchange Act, and because they are in effect impossible to classify as such, the amount presented above is the total amount.

3. Having checked and examined the audit plan of the accounting auditor, the performance of its duties, and the basis of the calculations for the remuneration estimate, the Board of Audit & Supervisory Board Members has consented to the remuneration of the accounting auditor pursuant to Article 399, paragraph (1) of the Companies Act.

(6) Details of non-audit services

None.

(7) Policy on dismissal or non-reappointment of accounting auditor

In the event that any of the items set forth in Article 340, paragraph (1) of the Companies Act are recognized as applying to the accounting auditor, the accounting auditor may be dismissed by unanimous consent of the Audit & Supervisory Board.

In such cases, an Audit & Supervisory Board Member selected by the Audit & Supervisory Board shall explain the reasons for dismissing the accounting auditor at the first General Meeting of Shareholders convened after the dismissal.

In addition, in cases where it is recognized that it is difficult for the accounting auditor to perform their duties properly, the Audit & Supervisory Board shall determine the details of a proposal to submit to a General Meeting of Shareholders for the dismissal or non-reappointment of the accounting auditor.

6. Policy on determining dividends of surplus, etc.

In addition to adopting the DOE (dividends on equity) ratio as the main financial target for dividends, the Company's basic policy on distributing profits takes a comprehensive view of cash flows, and the maintenance of a sound financial base over the medium to long term. The Company will actively implement initiatives for shareholder returns with the aim of achieving a DOE of 4% by FY2024.

Furthermore, the Articles of Incorporation of the Company provide for dividends of surplus to be determined by a resolution of the Board of Directors, and our basic approach is to pay dividends twice, at the interim and at the end of the year.

In accordance with the above, a year-end dividend for the fiscal year under review of 31.8 yen per common share was determined by a resolution of the Board of Directors. As a result, and in combination with the interim dividend of 31.8 yen per share already paid, the annual dividend for the fiscal year under review came to 63.6 yen.

Note: Values less than the units used to display the monetary amounts and numbers of shares used in this business report have been discarded.

Consolidated Balance Sheet

(As of March 31, 2022)

(Unit: Million yen)

Account Name	Amount	Account Name	Amount
(Assets)		(Liabilities)	
Current assets	93,994	Current liabilities	65,081
Cash and deposits	32,046	Notes and accounts payable - trade	34,549
Notes receivable - trade	3,715	Short-term borrowings	15,499
Accounts receivable - trade	36,164	Lease obligations	787
Investment securities	361	Income taxes payable	916
Merchandise and finished goods	2,666	Accrued expenses	8,744
Work in process	749	Other	4,584
Raw materials and supplies	13,254	Non-current liabilities	14,734
Other	5,077	Long-term borrowings	6,500
Allowance for doubtful accounts	(42)	Lease obligations	2,242
Non-current assets	65,003	Deferred tax liabilities	3,126
Property, plant and equipment	36,756	Provision for retirement benefits for directors	11
Buildings and structures	11,257	Provision for share-based remuneration	191
Machinery, equipment and vehicles	10,898	Retirement benefit liability	1,698
Land	6,565	Asset retirement obligations	247
Construction in progress	3,717	Other	718
Other	4,317	Total liabilities	79,816
Intangible assets	1,302	(Net assets)	
Investments and other assets	26,944	Total shareholders' equity	63,577
Investments securities	12,733	Share capital	9,040
Long-term loans receivable	11	Capital surplus	8,713
Deferred tax assets	4,703	Retained earnings	47,285
Retirement benefit asset	1,175	Treasury shares	(1,462)
Other	8,748	Other comprehensive income	9,285
Allowance for doubtful accounts	(427)	Valuation difference on available-for-sale securities	1,215
		Foreign currency translation adjustments	7,938
		Remeasurements of defined benefit plans	131
		Non-controlling interests	6,318
		Total net assets	79,181
Total assets	158,997	Total liabilities and net assets	158,997

Consolidated Statement of Income

(From April 1, 2021 to March 31, 2022)

(Unit: Million yen)

Account Name	Amount	
Net sales		206,441
Cost of sales		193,573
Gross profit		12,867
Selling, general and administrative expenses		17,071
Operating loss		(4,203)
Non-operating income		
Interest income	308	
Dividend income	212	
Share of profit of entities accounted for using equity method	1,339	
Other	583	2,443
Non-operating expenses		
Interest expenses	288	
Foreign exchange losses	818	
Other	669	1,776
Ordinary loss		(3,536)
Extraordinary income		
Gain on sales of non-current assets	3,042	
Gain on sales of investment securities	1,158	4,201
Extraordinary loss		
Loss on disposal of non-current assets	108	
Impairment loss	684	
Loss on liquidation of subsidiaries	386	
Extra retirement payments	146	
Business restructuring and improvement expenses	110	1,436
Loss before income taxes		(772)
Income taxes - current		1,803
Income taxes - deferred		(830)
Loss		(1,745)
Profit attributable to non-controlling interests		314
Loss attributable to owners of parent		(2,059)

Consolidated Statement of Changes in Net Assets

(From April 1, 2021 to March 31, 2022)

(Unit: Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2021	9,040	8,700	50,664	(1,451)	66,954
Change of items during the period					
Dividends of surplus			(1,318)		(1,318)
Loss attributable to owners of parent			(2,059)		(2,059)
Purchase of treasury shares				(256)	(256)
Disposal of treasury shares		12		245	257
Net changes in items other than shareholders' equity					
Total of changes during the fiscal year	-	12	(3,378)	(11)	(3,377)
Balance at March 31, 2022	9,040	8,713	47,285	(1,462)	63,577

(Unit: Million yen)

	Other comprehensive income				Non-controlling interests	Total shareholders' equity
	Valuation difference on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other comprehensive income		
Balance at April 1, 2021	1,967	3,396	220	5,584	6,131	78,670
Change of items during the period						
Dividends of surplus						(1,318)
Loss attributable to owners of parent						(2,059)
Purchase of treasury shares						(256)
Disposal of treasury shares						257
Net changes in items other than shareholders' equity	(751)	4,542	(89)	3,701	187	3,888
Total of changes during the fiscal year	(751)	4,542	(89)	3,701	187	511
Balance at March 31, 2022	1,215	7,938	131	9,285	6,318	79,181

Non-consolidated Balance Sheet

(As of March 31, 2022)

(Unit: Million yen)

Account Name	Amount	Account Name	Amount
(Assets)		(Liabilities)	
Current assets	41,021	Total current liabilities	36,962
Cash and deposits	5,758	Notes payable - trade	11
Electronically recorded monetary claims - operating	2,634	Electronically recorded obligations - operating	1,919
Accounts receivable - trade	17,914	Accounts payable - trade	13,952
Merchandise and finished goods	278	Short-term borrowings	11,665
Work in process	2,775	Current portion of long-term borrowings	2,000
Raw materials and supplies	3,763	Short-term borrowings from subsidiaries and associates	4,598
Advance payments - trade	1,171	Accounts payable - other	157
Advance payments - other	1,394	Accrued expenses	2,181
Short-term loans receivable	15,269	Income taxes payable	218
Other	1,180	Deposits received	83
Allowance for doubtful accounts	(11,119)	Notes payable - facilities	118
Non-current assets	51,286	Unearned revenue	31
Property, plant and equipment	9,370	Other	22
Buildings	4,407	Non-current liabilities	8,159
Structures	90	Long-term borrowings	6,500
Machinery and equipment	1,059	Deferred tax liabilities	648
Vehicles	3	Provision for share-based remuneration	191
Tools, furniture and fixtures	332	Asset retirement obligations	247
Land	3,435	Other	571
Construction in progress	42		
Intangible assets	485	Total liabilities	45,121
Software	469	(Net assets)	
Other	16	Shareholders' equity	45,972
Investments and other assets	41,430	Share capital	9,040
Investment securities	7,417	Capital surplus	8,604
Shares of subsidiaries and associates	24,680	Capital reserves	8,592
Investments in capital	0	Legal capital surplus	12
Investments in capital of subsidiaries and associates	8,564	Retained earnings	29,790
Long-term loans receivable	6	Legal retained earnings	480
Long-term prepaid expenses	6	Other retained earnings	29,309
Prepaid pension costs	267	Reserve for tax purpose reduction entry	20
Other	491	General reserve	15,000
Allowance for doubtful accounts	(4)	Retained earnings brought forward	14,289
		Treasury shares	(1,462)
		Valuation and translation adjustments	1,213
		Valuation difference on available-for-sale securities	1,213
		Total net assets	47,186
Total assets	92,307	Total liabilities and net assets	92,307

Non-consolidated Statement of Income

(From April 1, 2021 to March 31, 2022)

(Unit: Million yen)

Account Name	Amount	
Net sales		75,183
Cost of sales		71,194
Gross profit		3,988
Selling, general and administrative expenses		5,779
Operating loss		(1,790)
Non-operating income		
Interest and dividend income	3,521	
Other	309	3,831
Non-operating expenses		
Interest expenses	114	
Foreign exchange losses	454	
Provision of allowance for doubtful accounts	7,310	
Other	48	7,929
Ordinary loss		(5,888)
Extraordinary income		
Gain on sales of non-current assets	3,004	
Gain on sales of investment securities	1,158	4,163
Extraordinary losses		
Loss on disposal of non-current assets	17	
Impairment loss	529	
Business restructuring and improvement expenses	22	569
Loss before income taxes		(2,294)
Income taxes - current		522
Income taxes - deferred		34
Loss		(2,852)

Non-consolidated Statement of Changes in Net Assets

(From April 1, 2021 to March 31, 2022)

(Unit: Million yen)

	Shareholders' equity					
	Share capital	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings
					Reserve for tax purpose reduction entry	
Balance as of April 1, 2021	9,040	8,592	—	8,592	480	20
Change of items during the period						
Dividends of surplus						
Loss						
Reversal of reserve for tax purpose reduction entry						(0)
Purchase of treasury shares						
Disposal of treasury shares			12	12		
Net changes of items other than shareholders' equity						
Total of changes during the fiscal year	—	—	12	12	—	(0)
Balance as of March 31, 2022	9,040	8,592	12	8,604	480	20

(Unit: Million yen)

	Shareholders' equity					Valuation and translation adjustments		Total net assets
	Retained earnings			Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Other retained earnings		Total retained earnings					
	General reserve	Retained earnings brought forward						
Balance as of April 1, 2021	15,000	18,459	33,960	(1,451)	50,142	1,965	1,965	52,107
Change of items during the period								
Dividends of surplus		(1,318)	(1,318)		(1,318)			(1,318)
Loss		(2,852)	(2,852)		(2,852)			(2,852)
Reversal of reserve for tax purpose reduction entry		0	—		—			—
Purchase of treasury shares				(256)	(256)			(256)
Disposal of treasury shares				245	257			257
Net changes of items other than shareholders' equity						(751)	(751)	(751)
Total of changes during the fiscal year	—	(4,170)	(4,170)	(11)	(4,169)	(751)	(751)	(4,920)
Balance as of March 31, 2022	15,000	14,289	29,790	(1,462)	45,972	1,213	1,213	47,186