

Medium-term Management Plan TVE Wave2 2027

FY2025 – FY2027

TACHI-S CO.,LTD.

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Securities Code: 7239 (Tokyo/Prime)

From here, I would like to explain TVE Wave 2 2027, the medium-term management plan we are working on from this fiscal year.

Introduction

- The Mid-term Management Plan - TVE (Transformative Value Evolution) consists of two phases.

TVE Roadmap

Wave0/1 Phase to revitalize/strengthen through building the foundation

- Improvement of profit structure
- Improvement of capital efficiency

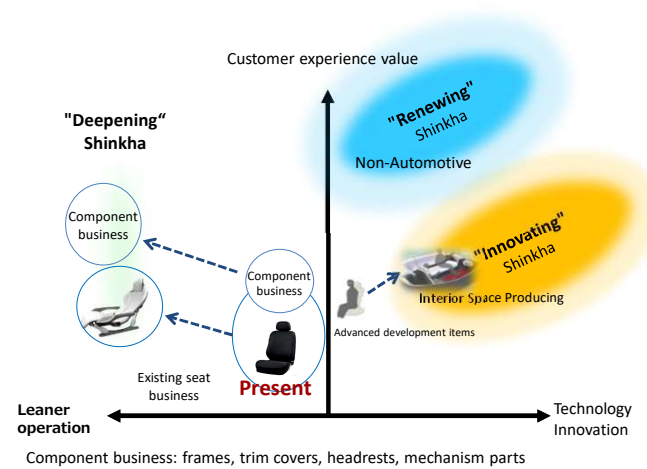
Wave 2 Phase to leapfrog in business growth

- Building two main business pillars, Interior Space Producer and Non-Automotive



Business portfolio

Our position and direction



Just as a reminder, our mid-term management plan, TVE (Transformative Value Evolution), which we announced in FY2021, consists of two phases. The period from FY2021 to FY2024 was the Wave 0/1 phase, in which we aimed to improve our profit structure and capital efficiency and to revitalize and strengthen businesses by rebuilding our foundation. From this fiscal year until 2030, we are in the Wave 2 phase, striving to make a leap forward in business growth.

In TVE, we have three "Shinkhas". We will increase profitability with "Deepening" Shinkha in existing automotive seating business and use the profits to invest in "Innovating" and "Renewing" Shinkhas, aiming to expand business portfolio to grow.

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 - Business Environment
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 - Business Strategy (Three Shinkhas and Strengthening the Management Foundation)

This is today's contents.

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- Business Strategy (Three Shinkhas and Strengthening the Management Foundation)

First, I would like to give a review of TVE Wave 0/1, which was completed in FY2024.

TVE Wave 0/1 Management indicators Achievement Status

- Achieved all the targets of indicators for FY2024: Sales, Operating Income, ROE, and DOE.

(Billions of yen)

	FY24 Targets	FY20 Results	FY24 Results	Achievement Status	Major factors
Sales	270	198.5	285.3	○	<ul style="list-style-type: none"> • Sales increase in Latin America and ASEAN. • Effect of weak yen.
Operating Income	9-10	-7.7	9.6	○	<ul style="list-style-type: none"> • Sharp revenue decline in China. • Improved profitability in Japan and Latin America.
ROE	Target 8% Challenge 10%	-17.3%	12.2%	○	<ul style="list-style-type: none"> • Improved profitability and implemented ROIC management in each business.
DOE	4%	0.3%	4.0%	○	<ul style="list-style-type: none"> • Implemented committed shareholder return.

On the management targets for FY2024 in TVE Wave0/1, which was announced in FY2021, we are pleased to inform you that we achieved all the targets in the following management indicators.

Sales achieved the target thanks to sales increase in Latin America and ASEAN, as well as the effect of the weak yen.

Despite a decline in profits in China, we achieved our operating income target with profit improvement in Japan and Latin America.

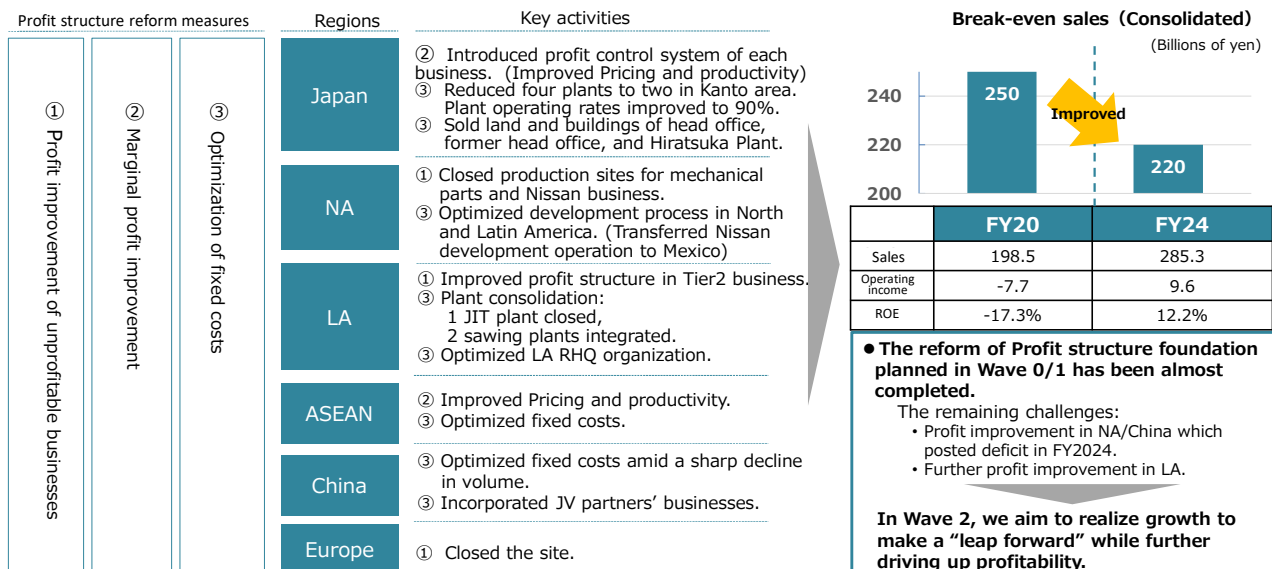
As for ROE, we achieved our target as a result of an improvement in profit and implementation of monthly ROIC management for each business.

In addition, we delivered on our commitment of DOE 4.0% as originally planned.

Overview of Profit Improvement Activities

TVE 2021-2024 Wave0/1 Review

- Reassessed the business feasibility based on revenue and growth plan. Achieved leaner business structure by implementing additional measures to improve profit structure.
- The number of global sites has reduced from 14 countries/69 sites at FY2020-end to 9 countries/53 sites at FY2024-end.



5/30

The Wave 0 phase was initially planned to complete FY2022 with our aims to improve profit structure. However, in response to the profit decline due to the worsening business environment, including the COVID-19 pandemic and the drop in car production caused by the semiconductor shortage, we decided to extend the Wave 0 phase until FY2023 to take three additional measures shown on the left hand side to boost the battered profits.

The main actions taken by region are as follows:

As a result of evaluating the profitability and future business prospects of all the businesses from scratch again, we achieved a leaner business structure, reducing the number of global sites from 69 sites in 14 countries at the end of FY2020 to 53 sites in 9 countries by the end of FY2024.

We have lowered our break-even sales point from 250 billion yen at FY2020-end to 220 billion yen as of FY2024-end.

The reform of the profit structure foundation planned in Wave 0/1 phase has been almost completed. We continue to tackle ongoing challenges, that is, improvement of profitability in North America and China, which posted deficit in FY2024, as well as profit increase in Latin America.

In Wave 2 phase, we aim to realize sustainable profitability and growth to make a "leap forward".

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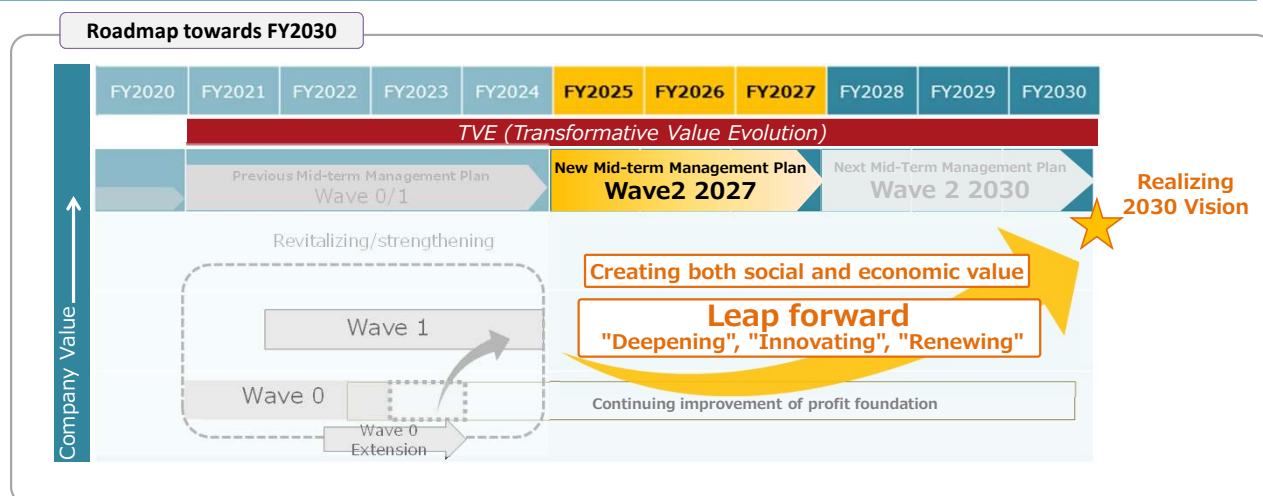
- Financial Targets
- Financial and Capital Strategies (Cash flow Allocation, Shareholder Return Policy)
- Business Environment
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Next, I would like to explain the TVE Wave 2 2027 Medium-term Business Plan.

This is the contents.

2030 Vision and Positioning of New Medium-Term Management Plan TVE Wave2 2027

2030 Vision In line with our company motto of "mutual respect and cooperation", we will transform value proposition through innovation for improvement in competitiveness and profitability and contribute to the realization of a sustainable society by addressing social issues.



First, here is our vision for FY2030, which is the goal of TVE (Transformative Value Evolution), and the roadmap for achieving that vision.

In developing our new medium-term management plan, "Wave2 2027", we have established the "2030 Vision", which defines what we aim to be in 2030.

I will provide more details later but here is our 2030 Vision. "In line with our company motto of 'mutual respect and cooperation', we will transform value proposition through innovation for improvement in competitiveness and profitability and contribute to the realization of a sustainable society by addressing social issues."

We are committed to work to achieve this 2030 Vision while creating both social and economic value.

Items

Points

1. Business Environment

- The automotive industry finds itself in the situation where it needs to adapt to a once-in-a-century transformation. In addition, the business environment is becoming increasingly uncertain due to potential imposition of additional tariffs by the U.S. government. Speedy response to changes in such environment is very much needed.
- Securing and retaining personnel is a critical issue for sustainable business operations.

2. TVE Wave 2 Key Points

1) Financial Targets (FY2027)

- Continue to work to improve profitability through "Deepening"
- **Operating income margin** 4.5% to 5%
- ROIC** 8%
- ROE** 10%

2) Shareholder Return Policy

- **The total amount of return is expected to be 13.5 billion yen (over three years), a significant increase from the previous record of 9.9 billion yen (over four years).**
- **Introduce minimum dividend of 103.8 yen/share (Equivalent to FY2024 results: DOE 4%)**
- Consider flexible share buybacks to continue enhancing shareholder returns.
- Aim for a total return ratio of 50% or more.

3) Identifying Materiality

- In formulating Wave 2, we reassessed the correlation between our activities and key issues and identified three material issues.

4) Growth Strategy towards FY2030

- FY2030 sales: Approximately 400 billion yen
- We will work to improve our corporate value by pursuing growth strategy in the areas of "Deepening", "Innovating", and "Renewing".
- Entering Wave 2 stage to leap forward, we will strengthen growth investments.

This page summarizes the key points covered in today's presentation regarding the Business Environment, FY2027 Financial Targets, Shareholder Return Policy, Identifying Materiality, and Growth Strategy for FY2030.

The details will be explained on the following pages. First, I would like to explain our financial and capital strategies.

Basic Policy

- We will prioritize efforts to further increase operating income margin while also working to improve capital efficiency.

- Sales forecast for FY2025-2027 Expected to remain flat at approximately 260 billion yen.

[Financial targets]

FY2024
(Results)

FY2027
(Targets)

Key points for achieving the targets

- Operating Income Margin

3.4%



4.5-5.0%

- Recover from the negative through rebuilding businesses. (USA/China)
- Improve profitability by stabilizing Monozukuri operations. (Latin America)
- Control Group fixed costs and maintain profitability. (Japan)

- ROIC

6.6%



8.0%

- Monthly ROIC management reviews are being implemented by each company to optimize working capital.
- Improve operating income.
- Improve profitability of equity method affiliates through collaboration with partners. (China)

- ROE

8.2%



10.0%

- Make use of external capital to invest for growth.
- Enhance shareholder returns.

*After adjustment for gain on sale of fixed asset in FY2024



From FY2025 to FY2027, our basic policy is to continue to prioritize an increase in operating income while also working to improve capital efficiency.

Sales for the same period are expected to remain flat at approximately 260 billion yen.

Against this background, the financial target for TVE Wave 2 is to raise the operating income margin from 3.4% of FY2024 to 4.5%-5% level in FY2027.

There are three key points to achieving the targets.

The first is improving profits in the United States and China, where the company posted deficit in FY2024. The second is to improve productivity and profitability by stabilizing Monozukuri operations in Latin America, where volume increase has not yet translated into profitability improvement. The third is to control fixed costs across the group and maintain profitability in Japan.

Additionally, we will continue to work on improving capital efficiency, and in Wave 2, we will add ROIC as a KPI on top of ROE.

ROIC will increase from 6.6% of FY2024 to 8.0% in FY2027. Our ROE target is 10.0%.

The key to achieving the ROIC target is an improvement of operating income through monthly ROIC review for each company to optimize working capital, which has been ongoing since Wave 0/1. Also, promotion of profit improvement activities and profitability improvement of equity method affiliates in collaboration with our partners in China.

The key points for achieving ROE targets are realization of planned profits (the numerator in the ROE calculation) and utilization of external funds for growth investment and enhancement of shareholder returns (the denominator).

Financial and Capital Strategy Cash Flow Allocation

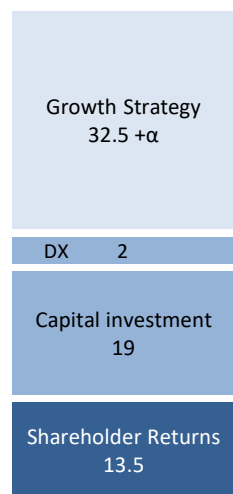
TVE Wave2 2027

- Cumulative cash in/out for FY2025-2027 is 67 billion yen
 - Cash in: Operating CF of 34 billion yen, plus 13 billion yen from balance sheet improvements and 20 billion yen from external financing
 - Cash out: 13.5 billion yen for shareholder returns, 21 billion yen for capital investment in existing programs and strengthening competitiveness, and 32.5 billion yen for growth strategies

Cash in: 67 billion yen +α



Cash out: 67 billion yen +α



(Billions of yen)

Growth strategy

Existing programs/
Competitiveness
reinforcement

Shareholder
return

- Investments aimed at achieving "Deepening" and "Innovating"
- Alliance for "Renewing"

- Launch of new programs
- Smart Factory Investments
- Enhancement of Digital Transformation

- High-level and stable dividends
- Flexible share buybacks considering the market and business performance



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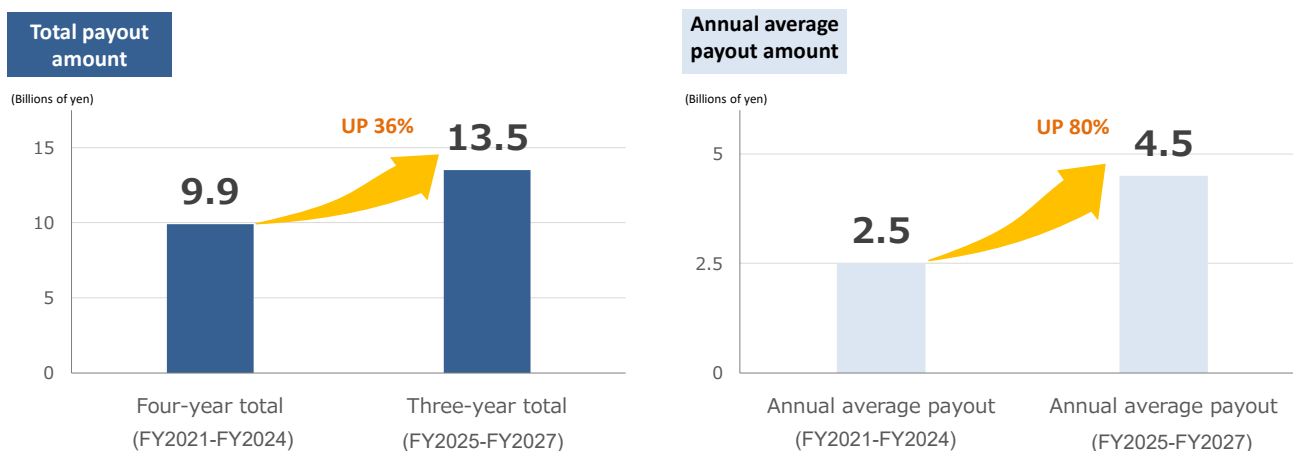
This is cash flow allocation from FY2025 to FY2027.

The breakdown of cash inflows is 34 billion yen from operating cash flow, 13 billion yen from balance sheet improvements, and 20 billion yen from external financing, for a total of 67 billion yen.

For cash outflows, 13.5 billion yen is for maintaining high-level dividends based on our stable dividend policy and by considering flexible share buybacks in light of the market and business performance. We also plan to use 19 billion yen for investments related to strengthening the competitiveness of existing programs and launch of new programs as well as investments in smart factories, and 2 billion yen for enhancement of digital transformation.

For growth strategy, we plan to invest 32.5 billion yen in three "Shinkhas" with intention to further increase this investment if growth opportunities arise.

- The total amount of payout is expected to be 13.5 billion yen (over three years), a significant increase from the previous record of 9.9 billion yen (over four years).
- Introduce minimum dividend of 103.8 yen per share (Equivalent to FY2024 results: DOE 4%).
- Based on the market and business performance, we will constantly consider share buybacks and commemorative dividends flexibly.
- Aim for a total return ratio of 50% or more.



Regarding our shareholder return policy from FY2025 to FY2027, we commit a minimum of 103.8 yen per share, which is equivalent to DOE of 4% based on the results of FY2024.

In addition, we will consider share buybacks and commemorative dividends flexibly in light of the market and business performance, aiming for a total payout ratio of 50% or more.

As a result, the total amount of payout over the three-year period from FY2025 to FY2027 is expected to be 13.5 billion yen, an increase of 36% from the total amount of 9.9 billion yen over the four-year period from FY2021 to FY2024. The average annual payout is planned to be 4.5 billion yen, which is expected to be an 80% increase compared to the previous three years.

Risks



- Decline in sales and OEMs' revision of vehicle model strategies due to increased uncertainty in the economic outlook caused by the Trump administration's constant policy changes and higher costs coming from implementation of additional tariffs
- Impact of rising geopolitical risks on supply chains
- Securing personnel for retention
- The once-in-a-century transformation of the automotive industry that leads to reorganization of the automotive industry

Opportunities



- Expand business by offering added-value proposal expected for BEVs and SDVs
- Establish an efficient supply-chain utilizing digital technology
- Review production processes utilizing digital technology
- Enhance presence through proactive initiatives amid reorganization in the automotive industry

Here is a summary of the risks and opportunities we have identified through our analysis of the business environment as we begin Wave 2.

Risks include increasing economic uncertainties due to policy changes by the Trump administration of the United States, which are currently having a major impact on the global economy, cost increase coming from the implementation of additional tariffs, and the associated decline in automobile sales and OEMs' revision of vehicle model strategies.

We also need to keep an eye on the impact of rising geopolitical risks on supply chain.

Securing and retaining personnel at our global sites is also one of the biggest challenges in terms of stabilizing plant operations.

Additionally, with the automotive industry undergoing a once-in-a-century transformation, we also view the restructuring of the industry as a risk.

Opportunities include expanding business through our proposals that contribute to providing added value expected in next-generation automobiles such as battery electric vehicles and software-defined vehicles, as well as establishing efficient supply chains and reviewing production processes with utilization of digital technology.

We see this trend toward restructuring in the automotive industry as an opportunity, and we would like to take it to increase our presence through proactive initiatives.

- We have set the Purpose to clarify contributions to a sustainable society in 2021 when we announced TVE.

- In formulating Wave 2, we identified material issues from the perspective of stakeholders based on the analysis of business environment, risks and opportunities.
- Reviewed the correlation between our activities and key issues and identified materiality issues as a result.

Corporate Vision

"We bring smiles to people's faces by coexisting with people and society and continuing to create comfortable and enriched living spaces."

Purpose: Supporting People and the Earth through Seating Technology

Supporting people (posture)

People spend sitting 30% of a day. We offer comfortableness, safety and a sense of security to the posture of "sitting" to contribute for people's enriched lives and good health.

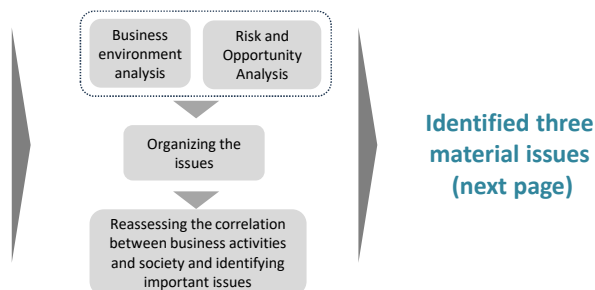
Supporting People

We support all stakeholders and society through our business.

Supporting the Earth

Based on the spirit of "mutual respect and cooperation" by our founder, we maintain "harmony" with the Earth by addressing issues to achieve the SDGs and contribute to the realization of a sustainable and environmentally friendly world.

Materiality Identification Process



In conjunction with the announcement of our current medium-term plan TVE in FY2021, we set the purpose, "Supporting People and the Earth through Seating Technology" to clarify our contribution to a sustainable society. Since then, we have reported on the progress of ESG activities through IR briefings twice a year and ESG reports once a year.

In formulating Wave 2, we identified three material issues by analyzing the business environment and risks and opportunities, extracting important issues from the perspective of stakeholders, and reassessing the correlation between business activities and those issues.

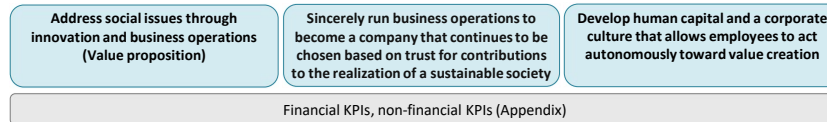
2030 Vision

In line with our company motto of "mutual respect and cooperation", we will transform value proposition through innovation for improvement in competitiveness and profitability and contribute to the realization of a sustainable society by addressing social issues.

Corporate Vision "We bring smiles to people's faces by coexisting with people and society and continuing to create comfortable and enriched living spaces."

Purpose **"Supporting People and the Earth through Seating Technology"**

Materiality



Our vision for 2030

- A company that continues to be chosen by stakeholders
 - A company to contribute to creating a sustainable society
 - Under the spirit of "mutual respect and cooperation", we aim to realize the growth of each employee and the company through co-creation.
- Proposals to exceed customer expectations
 - Conducting business with integrity
 - Development of human capital capable of acting autonomously
 - Improvement in competitiveness and profitability
 - Stable management foundation
 - Organizational capabilities that utilize Diversity and Inclusion



The first of the three material issues is "Address social issues through innovation and business operations (Value proposition)." This reflects our desire to become a company that continues to be chosen by stakeholders for its capability to provide proposals exceeding customer expectations and achieve business competitiveness and profitability.

The second is "Sincerely run business operations to become a company that continues to be chosen based on trust for contributions to the realization of a sustainable society." It represents our commitment to stakeholders to contribute to the creation of a sustainable society through our sincere business operations and stable management foundation, which will remain unchanged.

The third is to "Develop human capital and a corporate culture that allows employees to act autonomously toward value creation." This contributes to TVE's aim of 'enhancing value through self-transformation' and forms the basis of TACHI-S version of 'promoting human capital management', which will be explained later. I believe the driving force behind achieving Wave 2 targets comes from within ourselves. Through co-creation, we will foster a culture in which each employee acts autonomously and achieves personal and corporate growth.

The 2030 Vision is what we have defined as the vision we aim to achieve in 2030 through the realization of these three material issues.

In other words, in line with our company motto of "mutual respect and cooperation", we will transform value proposition through innovation for improvement in competitiveness and profitability and contribute to the realization of a sustainable society by addressing social issues.

2030 Vision and the three material issues will form the foundation for promoting Wave 2 activities.

2030 Vision

In line with our company motto of "mutual respect and cooperation", we will transform value proposition through innovation for improvement in competitiveness and profitability and contribute to the realization of a sustainable society by addressing social issues.



This slide summarizes the Wave 2 strategy from the perspectives of "Deepening", "Innovating", "Renewing", and strengthening our management foundation.

The strategic items for "Deepening" include: raise operating income margin to 4.5%-5.0% in pursuit of increasing the sustainable value of existing businesses. Strengthen Organizational Sales Capabilities 2.0 by enhancing marketing activities and expanding business areas to boost sales in 2030. And strengthening Monozukuri competitiveness 2.0, which aims to significantly improve productivity by transforming Monozukuri processes globally through maximum utilization of digital technology.

"Innovating" aims to provide new experience value centered on seats by appealing to the five human senses.

In "Renewing", we will enter new business areas by leveraging our business alliance with Advantage Advisors.

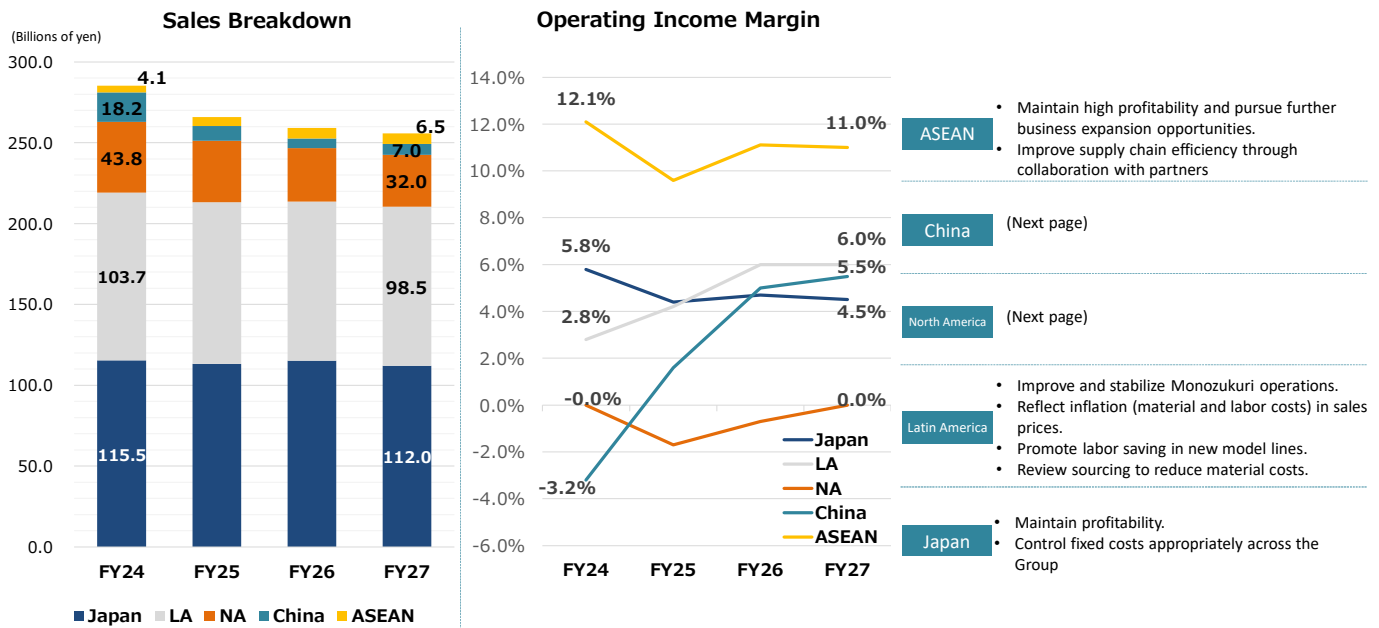
Our management foundation is comprised of the promotion of human capital management, the financial and capital strategies I explained earlier, safety, quality, and governance.

We will also promote sustainability and digital transformation through all our activities.

I will introduce key strategies on the following pages.

Sustainable Value Enhancement in Existing Businesses (Deepening)

TVE Wave2 2027



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First, I would like to explain our initiatives to sustainably increase the value of our existing businesses.

This page shows our forecasts for sales revenue and operating income margin by region from FY2025 to FY2027.

As shown in the graph on the left, sales are expected to remain flat at approximately 260 billion yen. If you look at the operating income margin graph in the middle, you can see in which regions we plan to improve profit margins.

Drivers for achieving higher operating income margin will be improvement of profit in North America and China, which posted deficit in FY2024, and increase of earnings in Latin America.

As shown on the right, the key points for managing profit margins by region are as follows: for Japan, we will ensure stable profits by controlling fixed costs across the entire group. For Latin America, stabilize and improve Monozukuri operations, which were the main reasons why we were unable to translate the volume increase into profit increase in the previous fiscal year, and minimize opportunity loss. We have already taken measures in this regard and have seen positive results. In addition, we plan to improve profitability by implementing measures such as steady reflection of inflation impact on sales prices, promotion of labor-saving on new model lines, and re-evaluation on sourcing to reduce material costs.

North America and China will be explained on the next page.

In ASEAN, we aim to maintain profits and further expand our business.

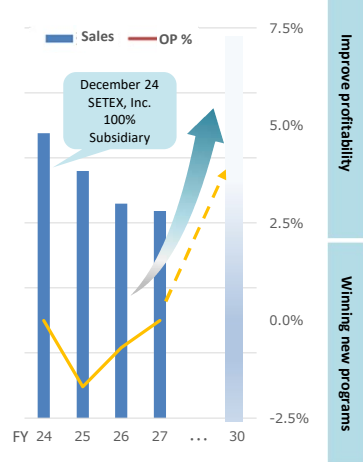
Priority Regional Strategy: North America / China

TVE Wave2 2027

Restructuring North America Business

- FY2027 is expected to be break even on the current production model basis.
- After FY2028, we will establish a structure to achieve higher profitability and ensure a stream of stable profits by improving cost competitiveness on new models.

Sales volume and operating income margin



■ Monozukuri Competitiveness

- Optimal consolidation of plants
- Promotion of labor saving

Labor saving rate for new model lines
• 2030: -50% or more (vs FY24)

■ Cost reduction in parts procurement

- Leverage TACHI-S Group sites and the supply chain.

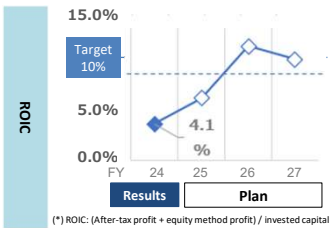
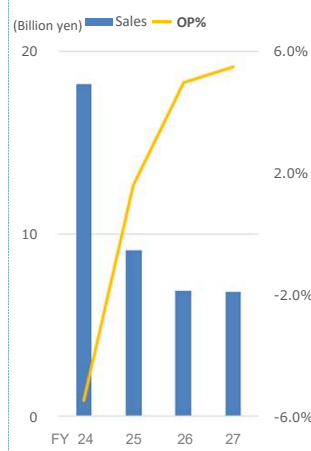
■ Acquire new business

- Marketing activities coordinating with global development sites.

Restructuring China Business

- Shift to a business structure to leverage JV partner's strengths amid sales downturn
- Shift our business focus to component business to achieve higher profit and capital-efficiency.

Fully consolidated Chinese companies
Sales and operating income margin



(*) ROIC: (After-tax profit + equity method profit) / invested capital



17/30

In order to achieve more agile business operations in the United States, we acquired SETEX Inc., a subsidiary for American Honda Motor, as a wholly owned subsidiary in December 2024.

As a result, already with deep involvement of the global headquarters, we have been promoting activities to improve Monozukuri competitiveness and reduce parts procurement costs by utilizing the supply chain of the Group.

In order to address operational challenges of securing and retaining personnel, we plan to promote labor-saving technology that will help reduce the labor cost by more than 50% in FY2030 compared to FY2024 level.

The current business programs are expected to continue until FY2027, and operating income in FY2027 is estimated to break even. From FY2028 onwards, we aim to establish a structure that can achieve higher profitability and ensure a stream of stable profits by improving cost competitiveness for new vehicles.

For China business, we expect the Group's consolidated sales to decline significantly due to recent sluggish sales of Japanese automobiles.

In this business environment, we are planning to shift our business operation axis onto component business. We will strive to expand sales to improve profitability through sales of components to Chinese OEMs. Although the consolidated sales will decline in amount as the consolidated sales mainly comes from the component business, we plan to ensure appropriate profit margins. In terms of capital efficiency, we aim for ROIC 10% or more, which is managed including non-consolidated companies.

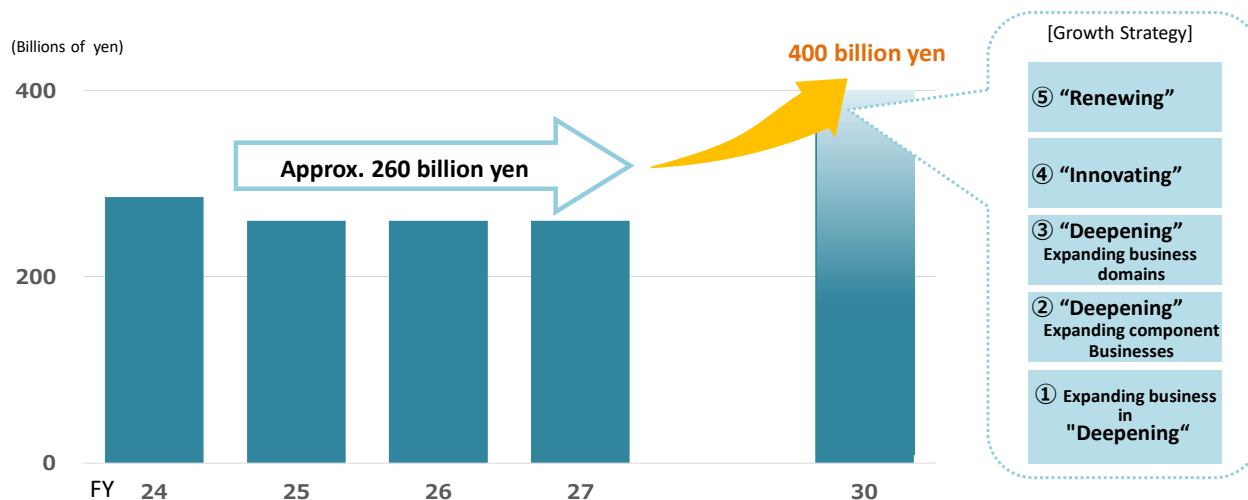
In the automotive seat business, we plan to shift our business approach to the operation to leverage the strengths of JV partners, with a scheme for our company to provide support in production and quality.

Contents

- ▶ **Growth Strategy to Expand Sales to 400-billion-yen Level in 2030**
Strengthening Organizational Sales Capabilities 2.0

From here, I would like to explain our growth strategy to expand sales to 400 billion yen level in 2030, and Strengthening organizational sales capabilities 2.0.

- From FY2025 to FY2027, we will implement a growth strategy to increase sales to 400-billion-yen level in 2030.



As I mentioned earlier, we expect consolidated sales from FY2025 to FY2027 to be approximately 260 billion yen. During this period, we plan to promote activities in the five areas on the right to boost sales to the 400 billion yen level in FY2030.

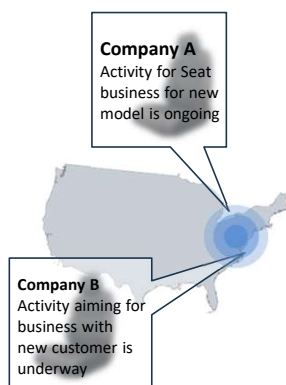
These five activities will be explained on the following pages.

Growth Strategy ①② “Deepening”: Strengthening Organizational Sales Capabilities 2.0

Winning business for target programs

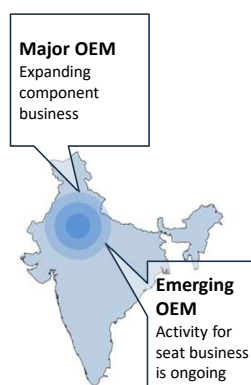
① North America

- As one team with GHQ, our marketing activities for new seat business are ongoing.



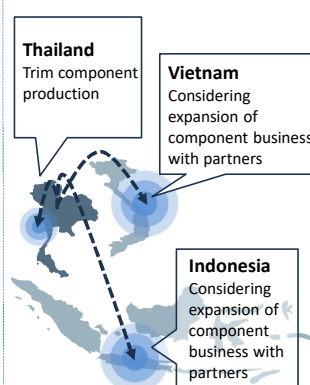
① India

- Marketing activities together with partners are ongoing to further expand component business and secure business wins for seat business.



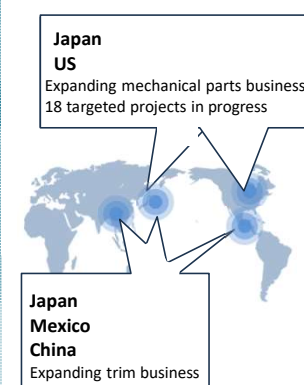
① ASEAN

- From the current component business, expand to seat business.



② Expanding component business

- Leverage the strengths of each group company to accelerate expansion of component business.



In North America, we are conducting marketing activities together with Global headquarters to proactively pursue new seat business.

In India, in addition to going after further sales expansion based on the track record of program wins so far in the component business, we are strengthening marketing activities together with our joint venture partner, Uno Minda, in order to secure seat business.

In ASEAN region, just as in India, we are working to secure seat business in addition to expanding the component business.

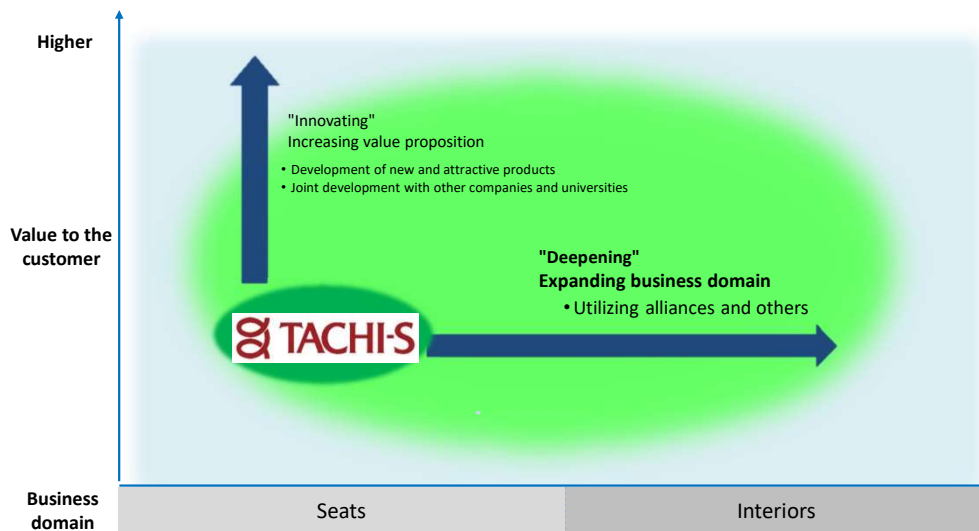
For Thailand, we opened the production site close to the customer for future business expansion. On component business, we are currently considering collaboration with our partner in Thailand, Vietnam, and Indonesia.

To expand component business, we have defined 18 target projects for mechanical parts, promoting marketing activities. In addition, we will leverage the strengths of our global sites to expand sales of trim business.

Growth Strategy ③ “Deepening”: Expanding Business Domains

TVE Wave2 2027

- Aiming for increasing added value of seats, we expand business area from “automotive seats” to “seats + interiors”. Study joint development, alliances, and other methods to achieve the goal.



TACHI-S

21/30

In terms of "Deepening," we are also considering expanding our business domain to achieve future growth.

Our company's business domain has been automotive seats. However, we are currently examining the possibility of expanding it into the automotive interior area through alliances and other methods.

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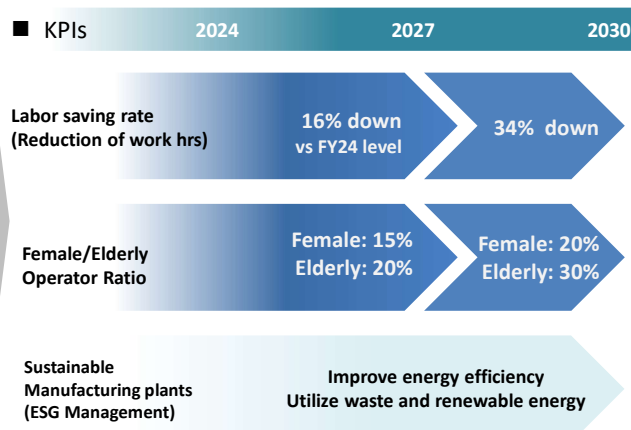
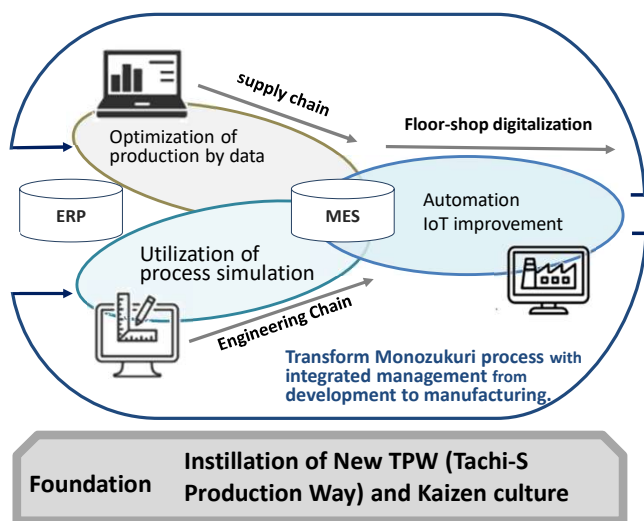
Strengthening Monozukuri Competitiveness 2.0

- ▶ Significant Improvement of Productivity by Global Monozukuri Process Transformation through Maximum Utilization of Digital Technology

Next, I would like to explain our initiative, Strengthening Monozukuri Competitiveness 2.0.

Smart Factory

- Transform Monozukuri processes through digital technology
- Worker-friendly factory



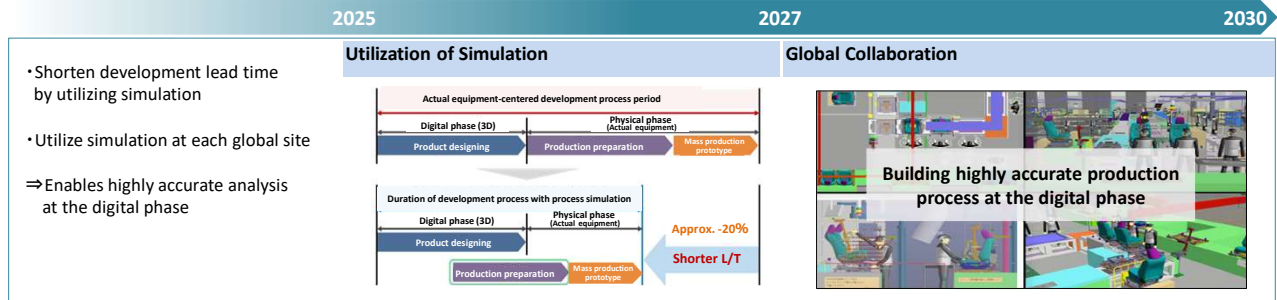
Facing the biggest challenge in securing and retaining personnel for our factory operation, we have begun developing smart factory that utilizes digital technology to transform Monozukuri processes so that we can realize labor-saving and worker-friendly processes and factories.

The Tachi-S version of a smart factory is based on the instillation of new TPW (Tachi-S Production Way) and Kaizen culture. By connecting the supply chain and manufacturing sites with data to visualize and optimize production, and by making extensive use of labor-saving technologies, we plan to save labor by 34% in FY2030 compared to the level of FY2024 at major global sites.

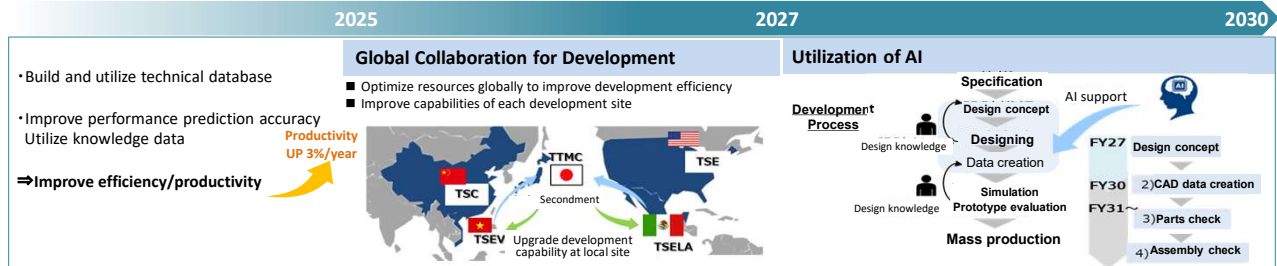
We are also reviewing heavy lifting processes, and in 2030 we plan to increase the ratio of female and the elderly in production line to 20% and 30% respectively, as targets for Japan. Additionally, on the engineering side, we will promote utilization of process simulation.

Strengthening Monozukuri Competitiveness 2.0: Transformation of Development Process

Improving Efficiency/Productivity in Process Designing



Improving Efficiency/Productivity in Development



Previously, process design study was made using actual equipment, but in the digital phase of production preparation, shown in purple in the table, we are using production process simulation to improve the accuracy of process design, shorten the overall production preparation time, and reduce rework.

In addition, by collaborating with upstream development teams early on based on digital verification of the production process, we have been able to reduce development lead time by more than 20% compared to conventional methods.

Going forward, we plan to roll out this process globally.

To improve the efficiency of development operations, the global headquarters will unify the management of global development resources, enabling efficient use of resources between development sites and increasing the speed of development as well as productivity.

Preparations are also underway to streamline the development process through AI.

Contents

▶ Growth Strategy to Expand Sales to 400-billion-yen Level in 2030 "Innovating" and "Renewing"

Next, I will touch upon "Innovating" and "Renewing" initiatives to expand sales to 400 billion yen level in 2030.

Growth Strategy 4: "Innovating"

TVE Wave2 2027

- "Smart Shell" provides "personal private experience value"
- Collaborating with software and content companies and universities to provide experiential value

FY24

Explored the experience value in the CASE/MaaS era



Technology
Know-how

Knowledge

FY25~

Providing a personal, private experience



Offers seat-centered experience value by approaching the five human senses

Hardware (seat)

Develop seats that embody software contents



Software

Offer software contents by approaching the five senses



Joint development with other companies / Joint development with universities / Utilizing alliances

FY26

Start proposing

FY30

Commercialization

*Including hardware technology



26/30

In "Innovating" Shinkha, we proposed Mobile My Room and Smart Seat in our pursuit of experiential value for the CASE/MaaS era.

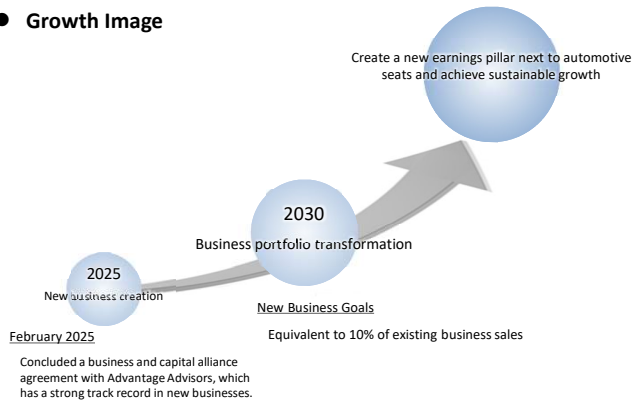
Now for Wave2, we have developed a new "Smart Shell" that provides a personal experience by appealing to the five senses. The seat combines hardware and software to create a special seat-centric experience. We plan to develop the software with external partners. With an aim to adapt and commercialize for the next car model, we will begin proposing Smart Shell to customers.

"Smart Shell" was exhibited at the 'Automotive Engineering Exposition 2025 YOKOHAMA' held from May 21st to 23rd this month. We are also planning to exhibit at the same exhibition in Nagoya in July.

By 2030, create new businesses **equivalent to 10% of existing business sales** and transform our business portfolio.

Objective of new business entry and growth vision

- **Objective**
 - Build a new pillar of revenue next to automotive seats and achieve sustainable growth.
- **Growth Image**



How to search for possible new business areas and narrow down to specific areas

- **New business creation approach**
 - **Candidate Selection Criteria**
 - Emphasis on "market size," "feasibility of entry," and "synergy with our strengths"
 - **Our strengths to create synergies**
 - Manufacturing capabilities, quality capabilities, system development capabilities
 - **How to enter market**
 - M&A of core companies and roll-up of peripheral areas
*For M&A, we also utilize the expertise of business partner, Advantage Advisors.

Current candidate areas (under consideration)

- Medical/Nursing Beds
- Motorhome
- Autonomous Mobile Robot (AMR)

In "Renewing" Shinkha, together with Advantage Advisors, with whom we formed a business and capital alliance in February of this year, we are currently considering possible candidate business areas where we can leverage the strength and how to enter new business.

Our goal is to create new businesses equivalent to 10% of the sales of existing businesses by 2030.

Currently, we are considering medical and nursing beds, motor homes, and Autonomous Mobile Rbots as potential new business areas.

Contents

► Strengthening the Management Base

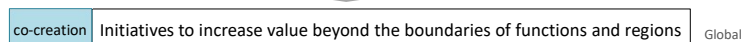
- Promoting Human Capital Management
- Contributing to the Realization of a Sustainable Society
- Financial and Capital Strategy
- Safety, Quality and Governance

Next, as part of activities to strengthen our management foundation, I would like to introduce our initiatives to promote human capital management and contribute to the realization of a sustainable society.

Promoting Human Capital Management

TVE Wave2 2027

- Linking human capital strategies and business strategies to achieve mid-term business plan targets.
- Based on the promotion of human capital management, strive to develop the human capital and culture that are the goals of materiality.



	Key measures	KPIs		FY2024	FY2027	FY2030
Diversified individual career	<ul style="list-style-type: none"> • Career development to maximize individual capabilities • Flexible working style 	<ul style="list-style-type: none"> • Work Style Survey 	TSJ	Base point	Improve 30%	Improve 47%
co-creation	<ul style="list-style-type: none"> • Improving engagement through job satisfaction reforms • Productivity improvement 	<ul style="list-style-type: none"> • Work Style Survey • Operating income/person (1,000 yen) 	TSJ Global	Base point 900	Improve 30% 1,300	Improve 47% 1,300 more than
Fostering culture	<ul style="list-style-type: none"> • Forstering a DE&I Culture that embraces diversity • Successor planning for key positions 	<ul style="list-style-type: none"> • Female executive/management • Non-Japanese executives • Successor candidate prepared 	Global/TSJ Global Global	4%/4% 1 or more 100%	17%/10% 1 or more 100%	30%/15% 1 or more 100%
Realization of business strategies						



29/30

We are working to achieve our medium-term management plan by linking human capital strategies and management strategies.

The promotion of human capital management is the basis for our materiality of "Develop human capital and a corporate culture that allows employees to act autonomously toward value creation".

By encouraging each employee to act autonomously and work on innovation through co-creation, we will develop human capital and a corporate culture in which individuals and the company can grow together.

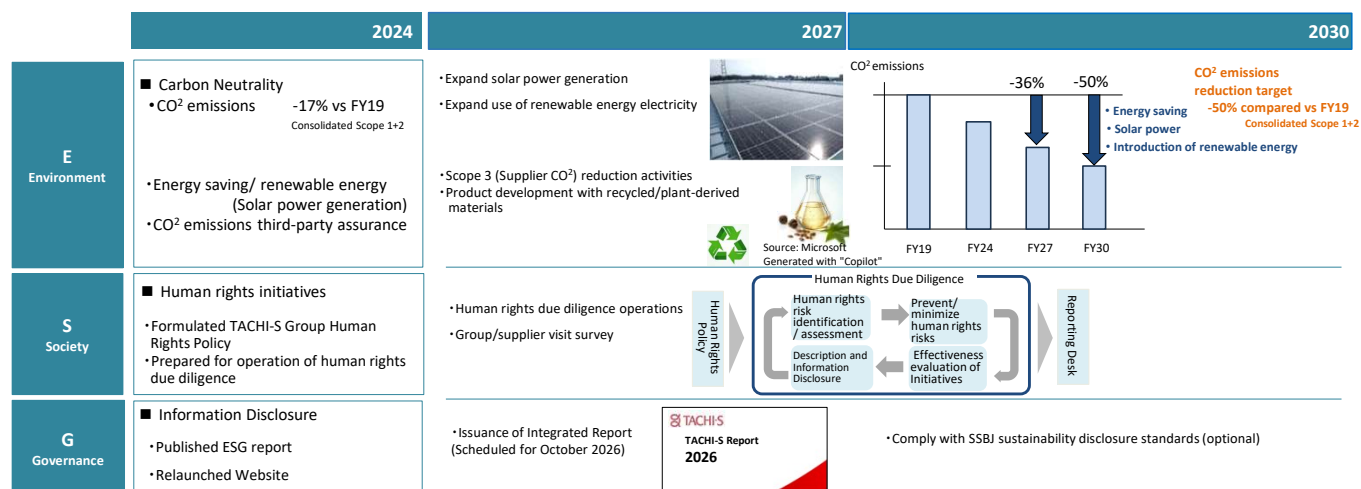
The progress of human capital management will be measured using the KPIs shown below.

Contributing to the Realization of a Sustainable Society

TVE Wave2 2027

- 2030 target level

Reduce risks to the Group and contribute to the realization of a sustainable society through our business activities with close attention to climate change and human rights



30/30

Here is a summary of our major activities to contribute to the realization of a sustainable society as ESG initiatives.

For Environment, we aim to reduce Scope 1 and 2 CO² emissions by 50% in 2030 compared to 2019 level, and we intend to pursue Scope 3 activities in parallel.

We are also developing products that use recycled and plant-derived materials.

For Society, we will begin implementing human rights due diligence process.

In terms of Governance, we have been preparing to issue an integrated report from next fiscal year, in response to requests from investors and others.

Supporting People and the Earth
through “Seating” Technology



Global Seat System Creator

Cautionary Statement

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

This concludes my explanation of new medium-term management plan, TVE Wave 2 2027, which begins this fiscal year.

The automotive industry is undergoing a period of substantial changes, and the business environment is becoming increasingly uncertain due to the constantly changing tariff policy by the Trump Administration of the United States. Under these circumstances, we intend to respond swiftly to such changes in the business environment, while proactively going after new businesses that will bring about future growth. At the same time, we will strive to improve profitability of existing businesses, which is our primary goal in Wave 2.

We will accelerate the transformation of business portfolio in terms of “Innovating” and “Renewing” Shikhas.

Please look forward to the transformation of TACHI-S in the future.

We appreciate your continued understanding and cooperation.

Thank you for your attention.

TVE Wave 2 2027 Materiality and Non-Financial KPIs

- With TVE Wave 2, we will track and explain progress of both non-financial KPIs and financial performance.

Materiality	Area	Critical items (KPI)		2024 level	2027 target	2030 target
Address social issues through innovation and business operation (providing value)	Innovation	Percentage of R&D cost for addressing social issues	TSJ	• +25% vs FY20	• +30% vs FY20	• +35% vs FY20
		Number of collaborative activities with external partners	TSJ	• Number of joint development/research & consignment contracts: 3	• Number of joint development/research & consignment contracts: 5	• Number of joint development/research & consignment contracts: 5
	Monozukuri Strategy	Percentage of labor saving at global sites	Global	• Shrinking working population, rising labor costs • Utilizing digital technology/IoT → Requires automation/optimization of production processes	• Labor saving ratio -15% • vs FY24 • Target sites: TSJ/TSM/SETEX OHIO	• Labor saving ratio -34% • vs FY24 • Target sites: TSJ/TSM/SETEX OHIO
		Improvement of IT literacy	TSJ	• Start education	• Indirect employees 50%	• Indirect employees 100%
Sincere business operations to become a company that continues to be chosen based on trust for its contributions to the realization of a sustainable society	Digital Transformation	Number of digital specialist (digital talent)	Global	• -	• 50 or more (TSJ)	• Over 100 people (Global)
		Percentage of total CO ₂ Emissions Scope 1 + 2	Global	• -17% vs FY19	• -36% vs FY19	• -50% vs FY19
Develop human capital and a corporate culture that allows employees to act autonomously toward value creation	Human rights	Human Rights Assessment Score	Global	• C-B level (expected)	• B level or above	• A-Level
	Human Capital Development/Talent Management	Forstoring a DE&I Culture that embraces diversity: Percentage of female executive/management	Global/TSJ	• 4%/4%	• 17%/10%	• 30%/15%
	Improvement of employee job satisfaction	Work Style Survey	TSJ	• Base point	• Improve by 30%	• Improve by 47%