TACHI-S Co., Ltd.
Q&A Summary of Financial Results Briefing
for the Second Quarter of the Fiscal Year Ending March 2026

Date and time: November 25, 2025, 17:00-18:00
Respondents:
Yuichiro Yamamoto, Representative Director, President and CEO
Atsushi Komatsu, Representative Director, Executive Managing Officer, CFO

Questions and Answers

【the H2 Plan】

Q1. I believe that the impact of production volume cuts by Honda and Nissan due to the semiconductor shortage has not been fully factored in. Please provide us with the potential impact as currently anticipated.

A1.
Yamamoto:
- In our case, the impact is particularly evident in operations for Honda in the U.S. and Mexico. For the U.S., we understand that Honda plans to recover production volume throughout the fiscal year, so the impact has not been incorporated into our forecast.
- For Mexico, our subsidiary for Honda business closes its books in December. With just over one month remaining, it is practically difficult to offset the impact of production volume cuts and suspensions that occurred between late October and November. However, we expect to absorb this impact with the group-wide efforts to further global profitability improvement before the end of this fiscal year.
-

【Progress on Profitability Improvement and Expansion of External Sales in China Business】

Q2. Have the overall sales of the China business, including equity-method affiliates, been expanding? Also, please share the outlook for profit contribution, including those affiliates.

A2.
Yamamoto:
- While we cannot disclose specific figures, our joint venture—where we recently adjusted our equity stake—has begun winning new program awards from local

Chinese automakers ~~through our partner~~. As a result, the overall China business, including equity-method affiliates, is expanding.

- Furthermore, in the parts business managed by our wholly-own company, sales to Chinese automakers are steadily increasing.

【Initiatives for Shortening Development Period】

Q3. Could you provide any clear figures on how a 40% reduction in the development period impacts business costs? Also, given that model cycles for OEMs in developed markets are becoming longer, does shortening the development period contradict this trend?

A3.
Yamamoto:

- One concrete example, as indicated in the presentation materials, is a 3% reduction per year in development man-hours.
- The 40% reduction in development period does not imply a cut in R&D expenses. Rather, it is achieved through digitalization and other efficiency improvements in the early development stages.

【Japan Business】

Q4. You indicated that the Kyushu region is added to your strategy for winning new business targets. Could you elaborate on the specific initiatives being undertaken, including any related investments?

A4.
Yamamoto:

- We are taking a comprehensive approach to capture customer trends and expand our business. While the primary objective is to secure seat business, we are also stepping up our marketing efforts to win component businesses such as frames, mechanisms, and seat trim covers.
- As for investments, we aim to maximize the use of existing group facilities, targeting the greatest possible impact with relatively minimal investment.

【North America Business】

Q5. What are the reasons behind the delay in profit recovery, and when do you expect to return to profitability? Are there any additional measures being considered?

A5.

Komatsu:

- In the U.S. business, we had previously been recording losses of over ¥1 billion, which prompted us to take on structural reforms.
- We closed its U.S. operations for Nissan and transferred the activities to Mexico. Currently, the only business presence in the U.S. is for Honda. Given profitability level of the current model mix and factoring in development costs of the local engineering company, it is difficult to secure profitability in the North American region. Furthermore, in light of the on-going changes in the customer's vehicle model strategies, we expect our U.S. performance to remain near break-even during TVE Wave 2 period through 2027.
- As we work to secure new businesses targeting ¥400 billion in sales, our strategy is to achieve profitability from FY2027 onward.

【"Evolving" Shinkha】

Q6. Regarding the commercialization plan for Smart Shell and next-generation products toward FY2030, will there be any changes to your development schedule given the slower-than-expected progress in EV adoption and autonomous driving?

A6.

Yamamoto:

- Our initial assumption was to develop Smart Shell in line with the progress in adoption of the autonomous driving. However, market research has shown that providing in-cabin experiential value for second- and third-row passengers remains meaningful even before full autonomous driving.
- Therefore, we intend to maintain the current development schedule and timing without changes, while continuing proposal activities to customers with the goal of installation starting in FY2030 and beyond.
- As the current Smart Shell #1 is not yet sized for vehicle installation, we intend to achieve miniaturization early and accelerate the timing of proposal activities.

END