



May 30, 2025

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Stock listing	Tokyo Stock Exchange - Prime Market
Code number	7239
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Notice of New Medium-Term Management Plan

TACHI-S CO., LTD. is pleased to announce that we have formulated the "Medium-term Management Plan TVE (Transformative Value Evolution) Wave2 2027 (FY2025-FY2027)".
Please refer to the attached document for details.

<Attached file>

“Medium-term Management Plan TVE Wave2 2027”

Medium-term Management Plan

TVE Wave2 2027

FY2025 – FY2027

TACHI-S CO.,LTD.

May 30, 2025



Introduction

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

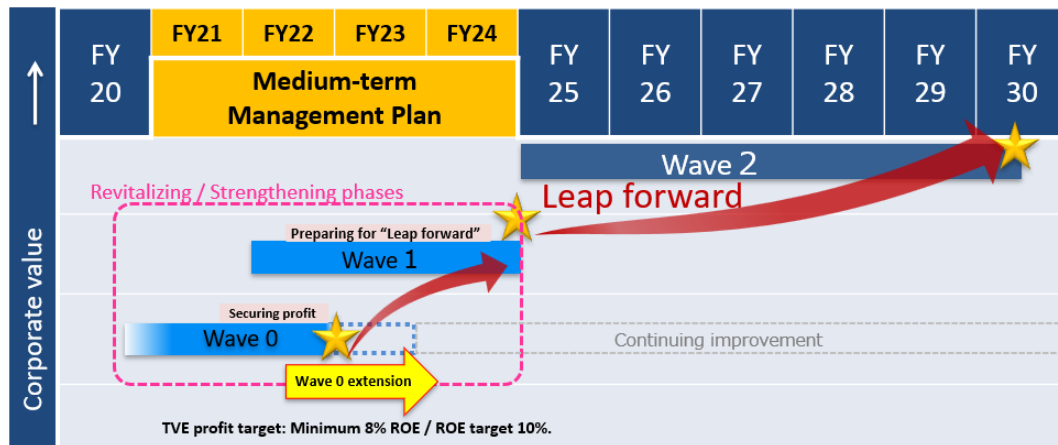
TVE Roadmap

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

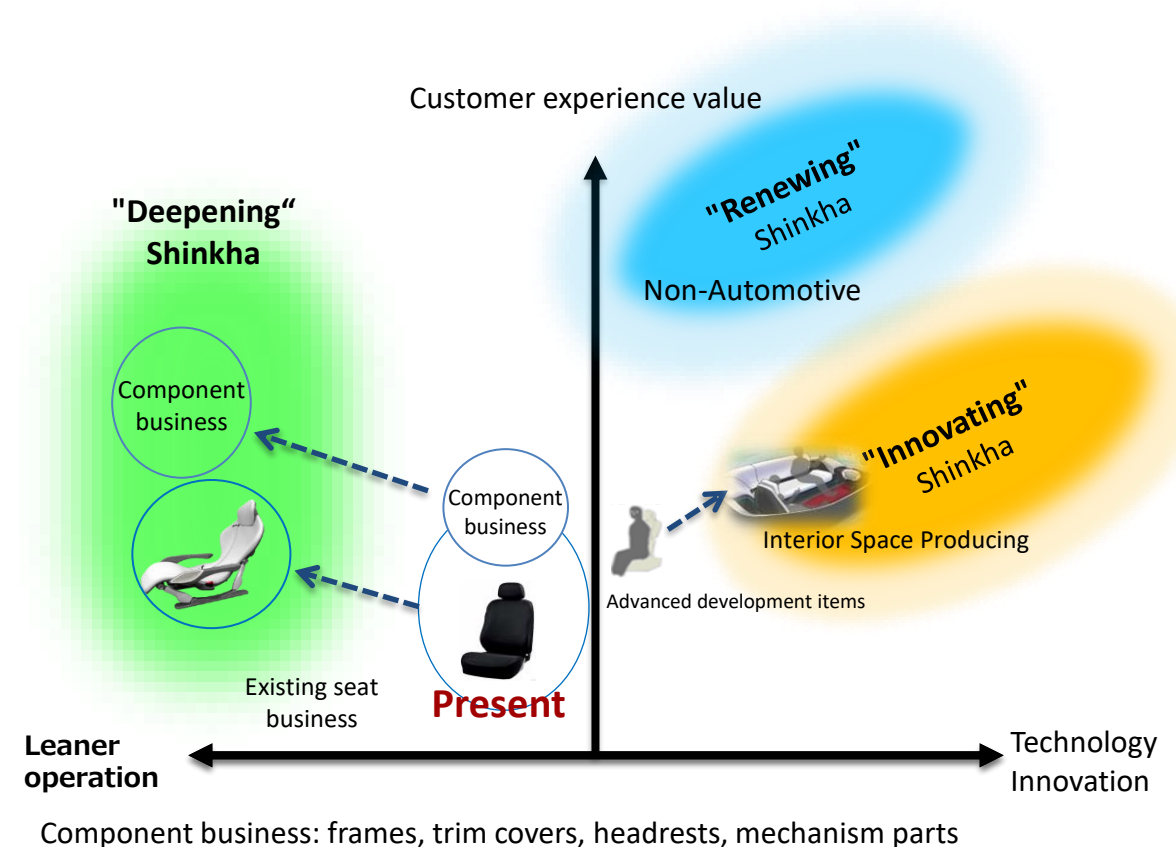
- Building two main business pillars, Interior Space Producer and Non-Automotive



- We are aiming to expand our business domain with three "Shinkhas" as below.

Business portfolio

Our position and direction



▶ **1 . TVE Wave0/1 Review**

▶ **2 . TVE Wave2 Medium-term Management Plan**

- Financial Targets
- Financial and Capital Strategies (Cash flow Allocation, Shareholder Return Policy)
- Business Environment
- Identifying Materiality
- Business Strategy (Three Shinkhas and Strengthening the Management Foundation)

▶ 1. TVE Wave0/1 Review

▶ 2. TVE Wave2 Medium-term Management Plan

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TVE Wave 0/1 Management indicators Achievement Status

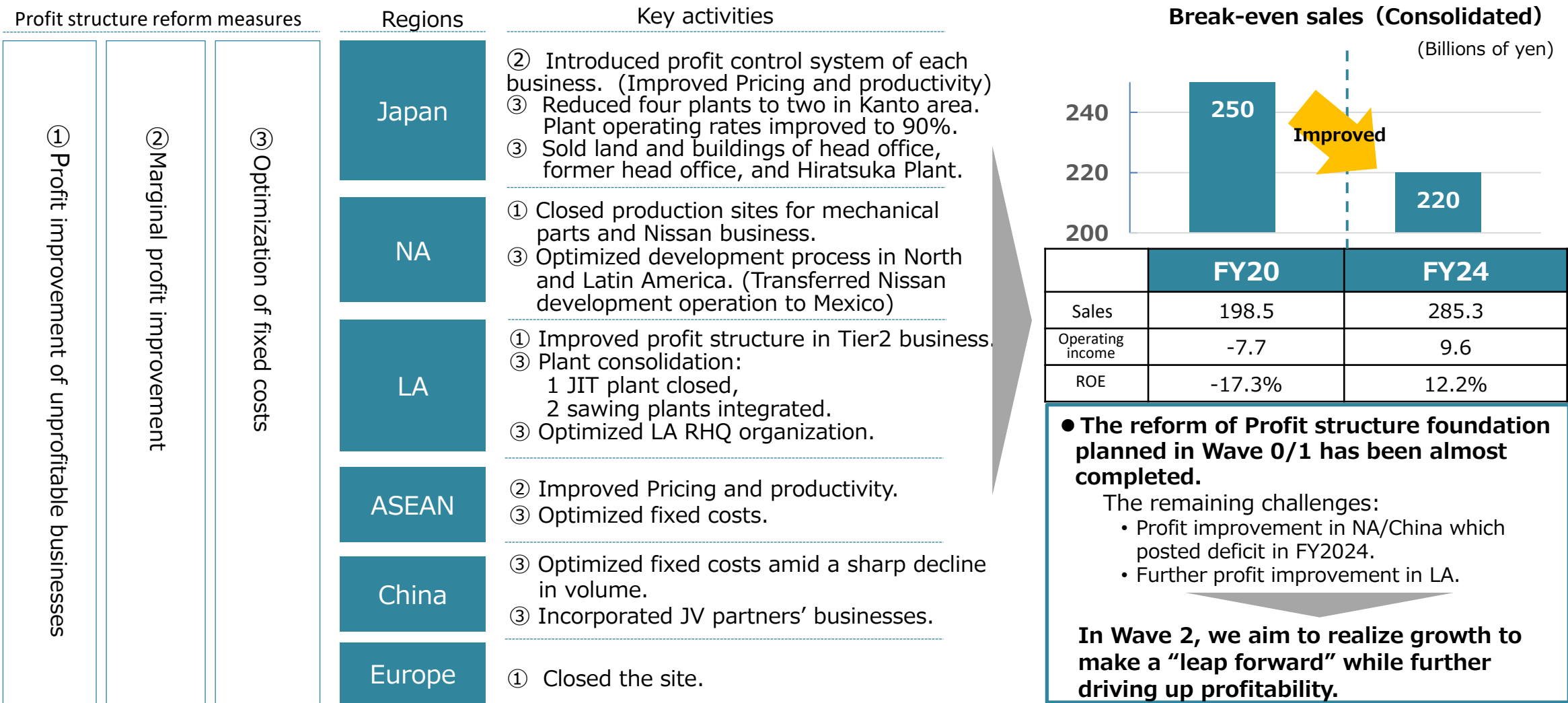
- Achieved all the targets of indicators for FY2024: Sales, Operating Income, ROE, and DOE.

(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.

Overview of Profit Improvement Activities

- 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.



▶ 1. TVE Wave0/1 Review

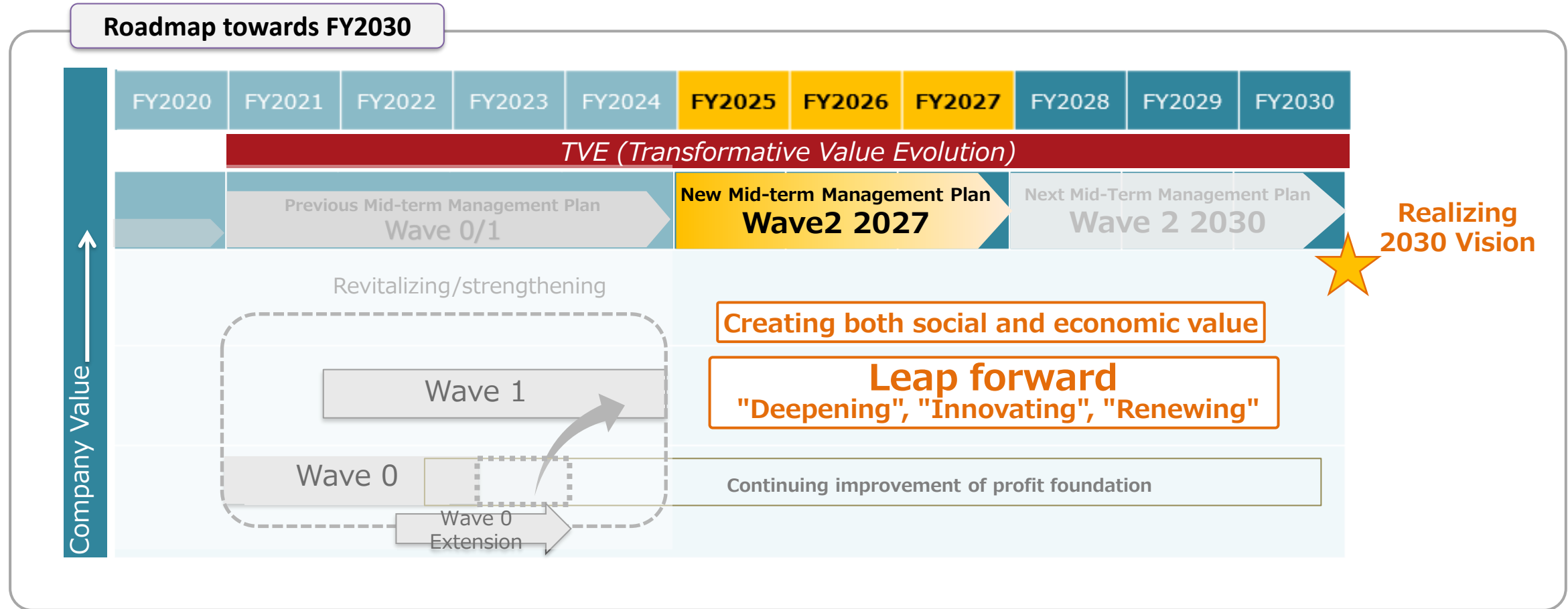
▶ 2. TVE Wave2 Medium-term Management Plan

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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.



Items

1. Business Environment

2. TVE Wave 2 Key Points

1) Financial Targets (FY2027)

2) Shareholder Return Policy

3) Identifying Materiality

4) Growth Strategy towards FY2030

Points

- 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.
- Continue to work to improve profitability through "Deepening"
- **Operating income margin 4.5% to 5%**
ROIC 8%
ROE 10%
- **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.
- In formulating Wave 2, we reassessed the correlation between our activities and key issues and identified three material issues.
- 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.

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%	<ul style="list-style-type: none">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%	<ul style="list-style-type: none">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%	<ul style="list-style-type: none">Make use of external capital to invest for growth.Enhance shareholder returns.

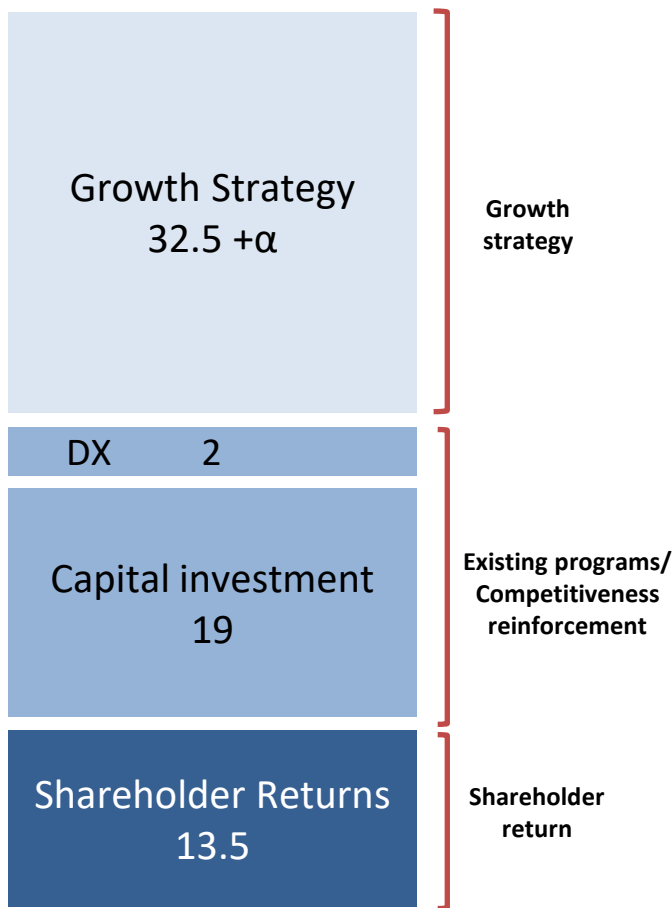
*After adjustment for gain on sale of fixed asset in FY2024

- 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

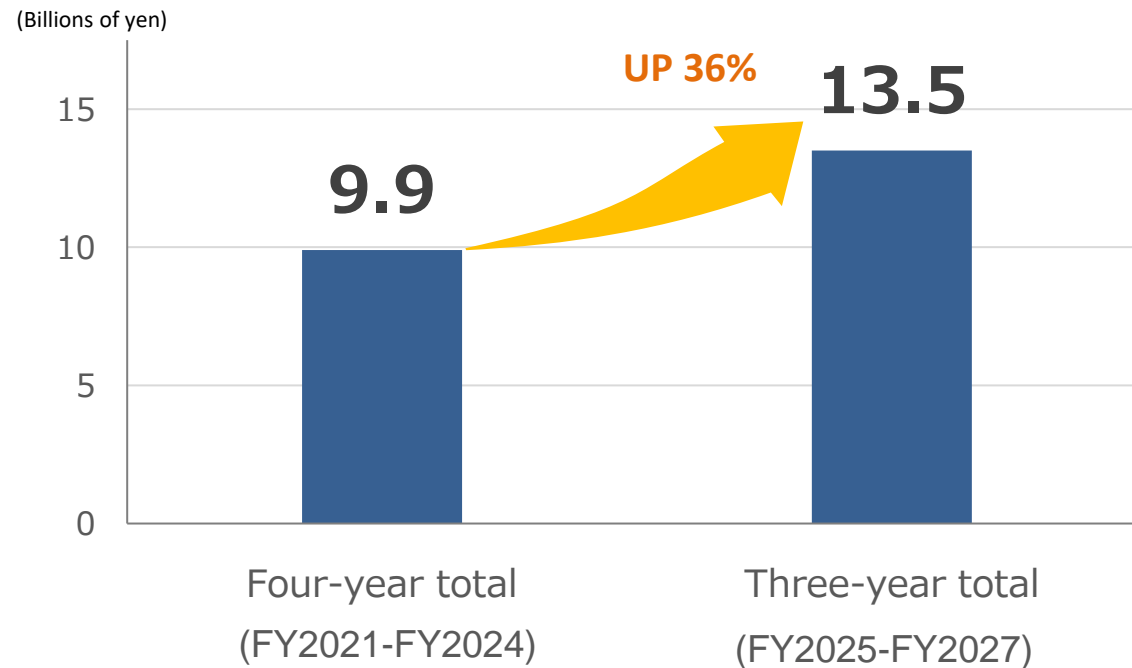


(Billions of yen)

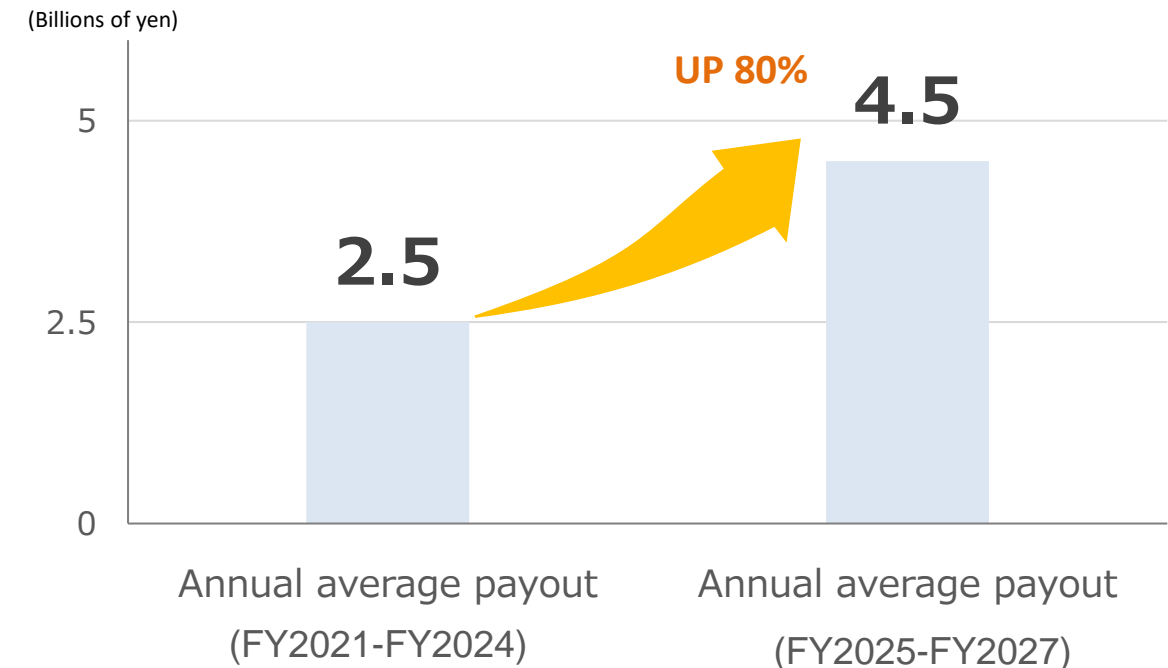


- The total amount of payout is expected to be 13.5 billion yen (over three years), a significant increase from the previous record of 9.9 billion yen (over four years).
- Introduce minimum dividend of 103.8 yen per share (Equivalent to FY2024 results: DOE 4%).
- Based on the market and business performance,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

Total payout amount



Annual average payout amount



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

Identifying Group Materiality

- 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.

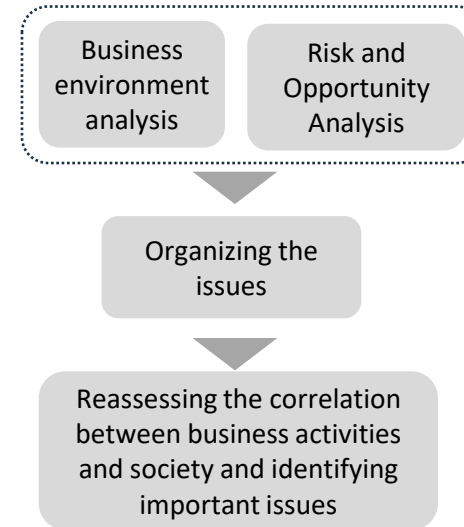
Supporting People

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



Identified three material issues (next page)

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.

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"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



Financial KPIs, non-financial KPIs (Appendix)

Our vision for 2030

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

2030 Vision

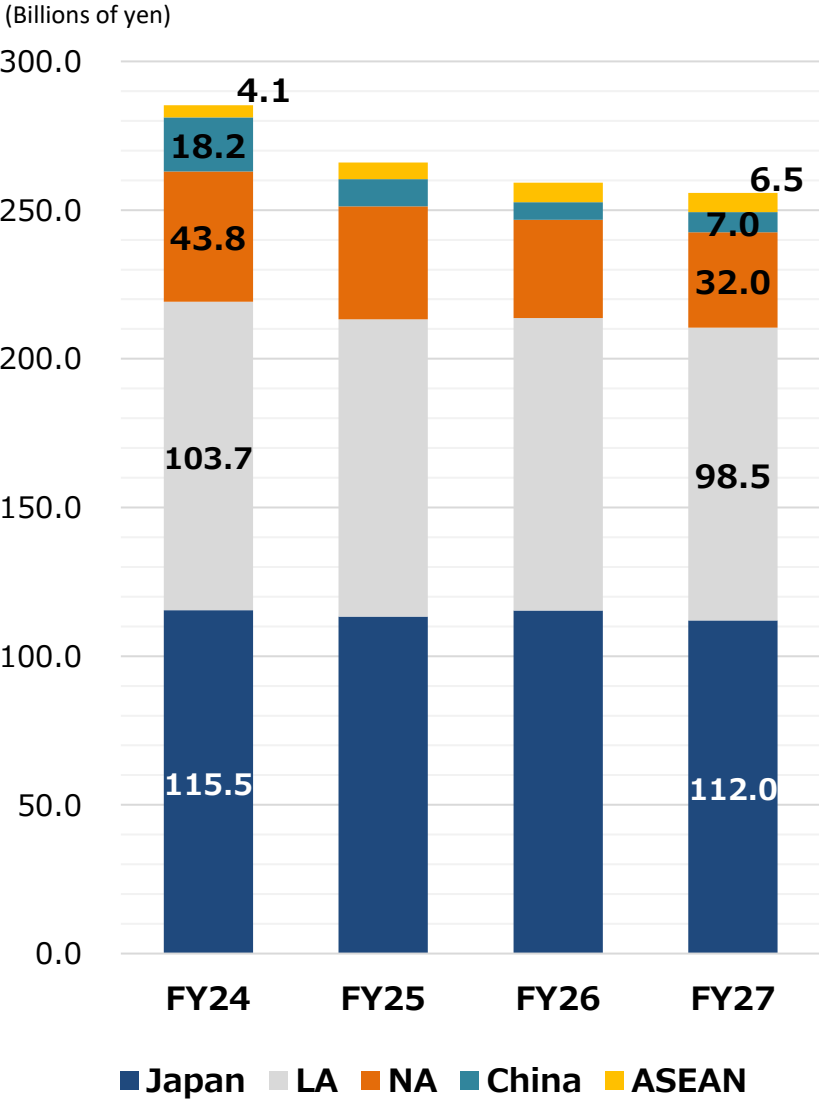
In line with our company motto of "mutual respect and cooperation", we will transform value proposition through innovation for improvement in competitiveness and profitability and contribute to the realization of a sustainable society by addressing social issues.

Materiality	Address social issues through innovation and business operations (Value proposition)	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	Develop human capital and a corporate culture that allows employees to act autonomously toward value creation.
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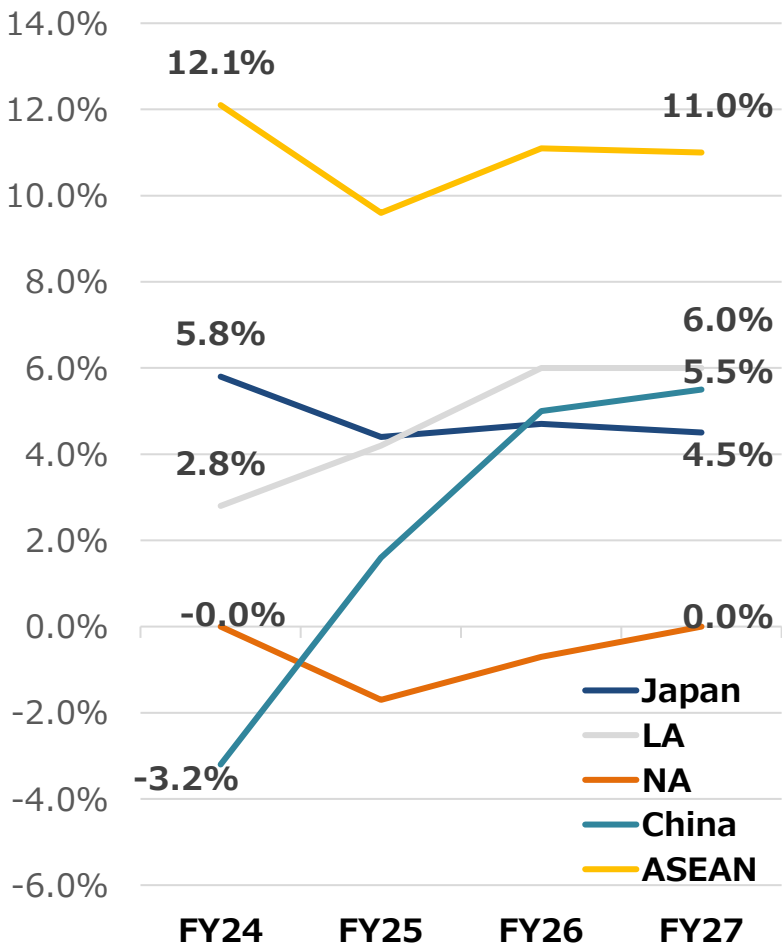
"Deepening"	Improving value on the existing business sustainability Aiming to achieve operating income margin of 4.5%-5.0% in 2027	Sustainability	Promotion of Digital Transformation
	Strengthening organizational sales capabilities 2.0 Enhancement of marketing activities to secure orders for target vehicle models and increase sales toward 2030 and expansion of business areas		
	Strengthening manufacturing competitiveness 2.0 Significant productivity improvements through transformation of global manufacturing processes with maximum utilization of digital technology		
"Innovating"	Approaching the five human senses and provide new experience value centered on seats in the vehicle interior		
"Renewing"	Entering new business areas and leveraging business alliances with Advantage Advisors		
Strengthening management foundation	Promotion of human capital management		
	Financial and capital strategies		
	Safety, Quality and Governance		

Sustainable Value Enhancement in Existing Businesses (Deepening)

Sales Breakdown



Operating Income Margin



- ASEAN**
 - Maintain high profitability and pursue further business expansion opportunities.
 - Improve supply chain efficiency through collaboration with partners
- China** (Next page)
- North America** (Next page)
- Latin America**
 - Improve and stabilize Monozukuri operations.
 - Reflect inflation (material and labor costs) in sales prices.
 - Promote labor saving in new model lines.
 - Review sourcing to reduce material costs.
- Japan**
 - Maintain profitability.
 - Control fixed costs appropriately across the Group

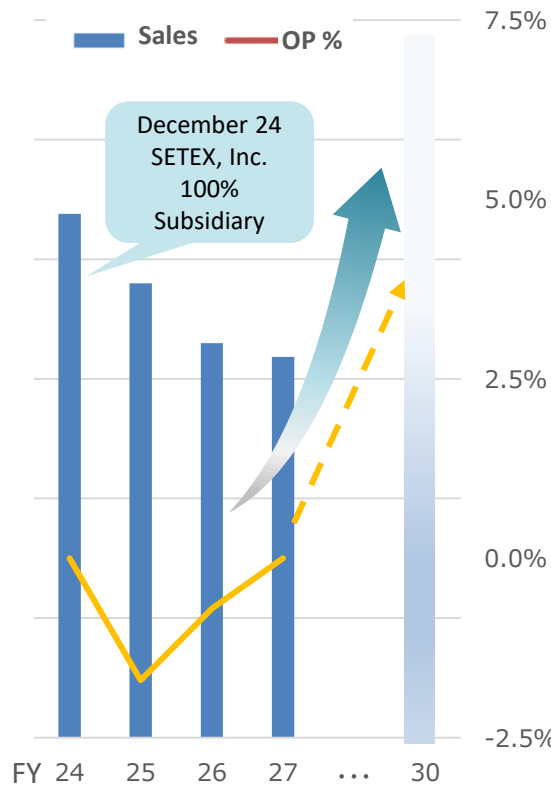
Priority Regional Strategy: North America / China

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



Improve profitability

Winning new programs

■ 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.

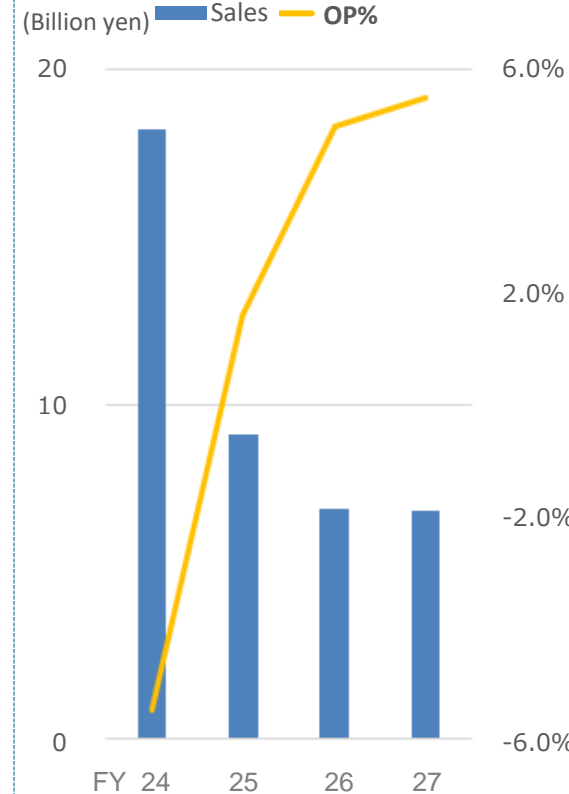
■ Acquire new business

- Marketing activities coordinating with global development sites.

Restructuring China Business

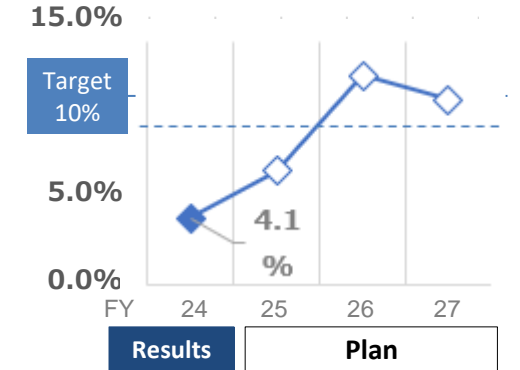
- Shift to a business structure to leverage JV partner's strengths amid sales downturn
- Shift our business focus to component business to achieve higher profit and capital-efficiency.

Fully consolidated Chinese companies
Sales and operating income margin



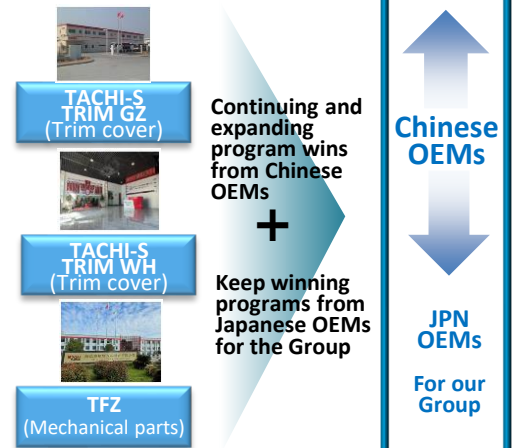
ROIC

Strengthening component business



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

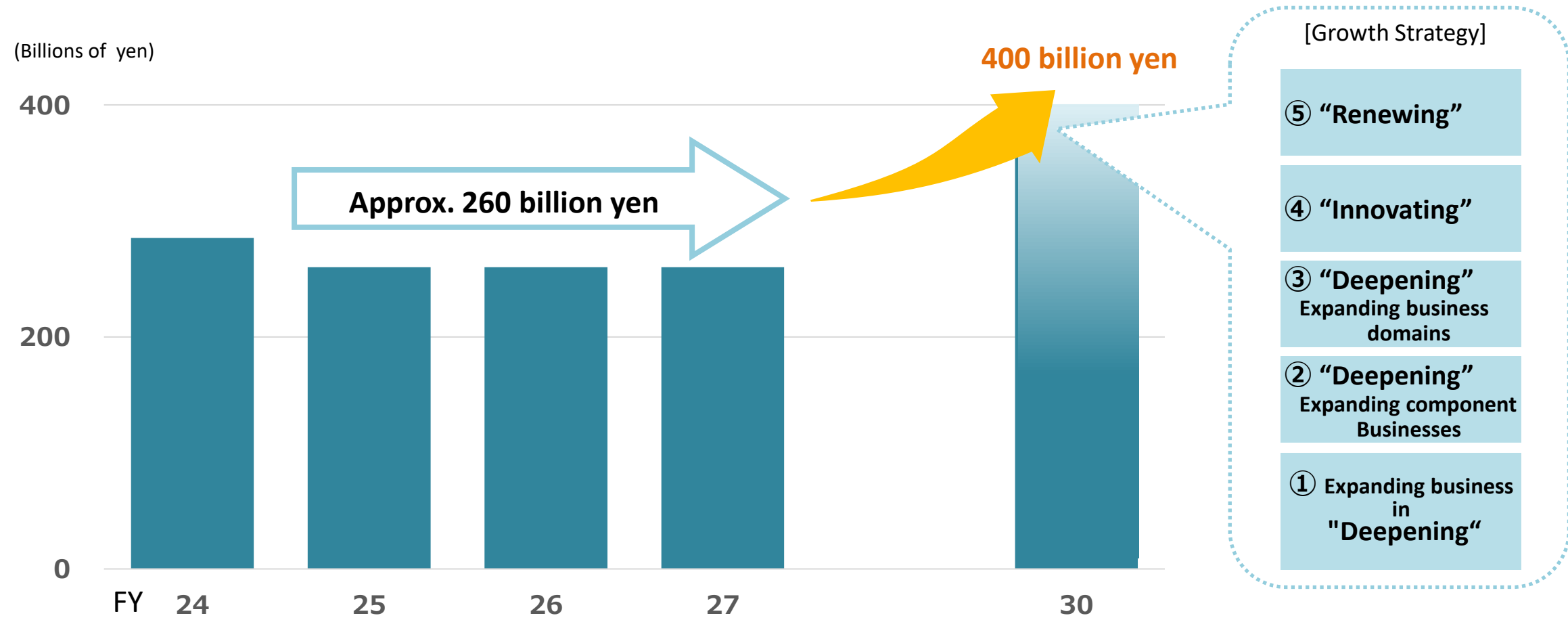
Strengthen component business



Contents

- ▶ **Growth Strategy to Expand Sales to 400-billion-yen Level in 2030**
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.



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

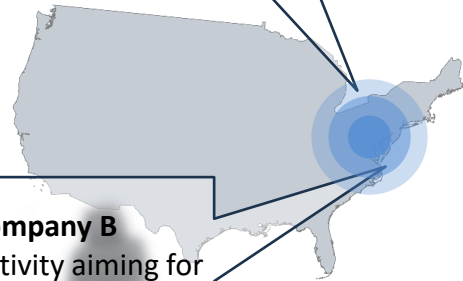
Winning business for target programs

① North America

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

Company A
Activity for Seat business for new model is ongoing

Company B
Activity aiming for business with new customer is underway

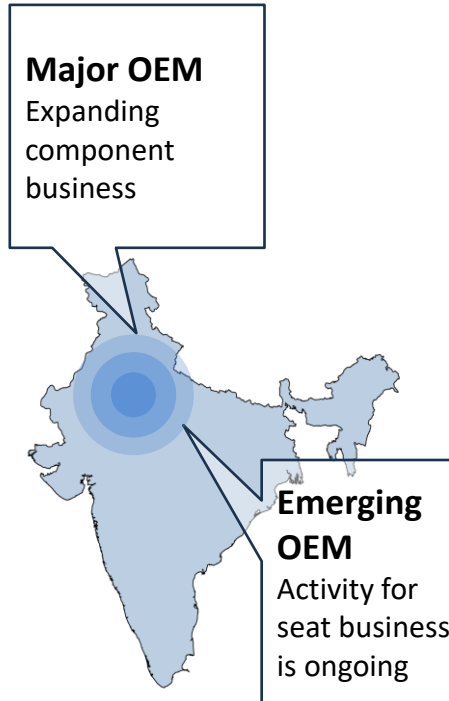


① India

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

Major OEM
Expanding component business

Emerging OEM
Activity for seat business is ongoing



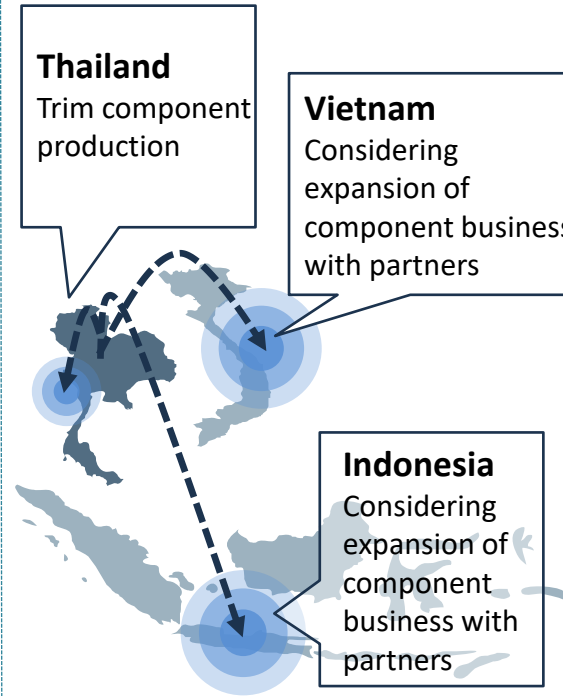
① ASEAN

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

Thailand
Trim component production

Vietnam
Considering expansion of component business with partners

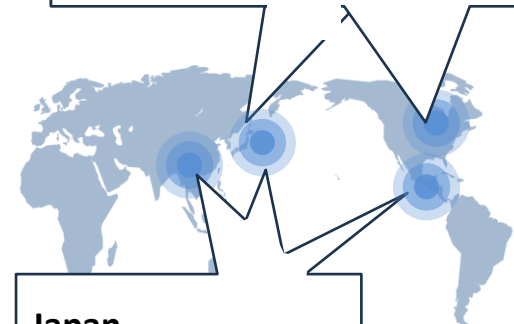
Indonesia
Considering expansion of component business with partners



② Expanding component business

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

Japan US
Expanding mechanical parts business: 18 targeted projects in progress

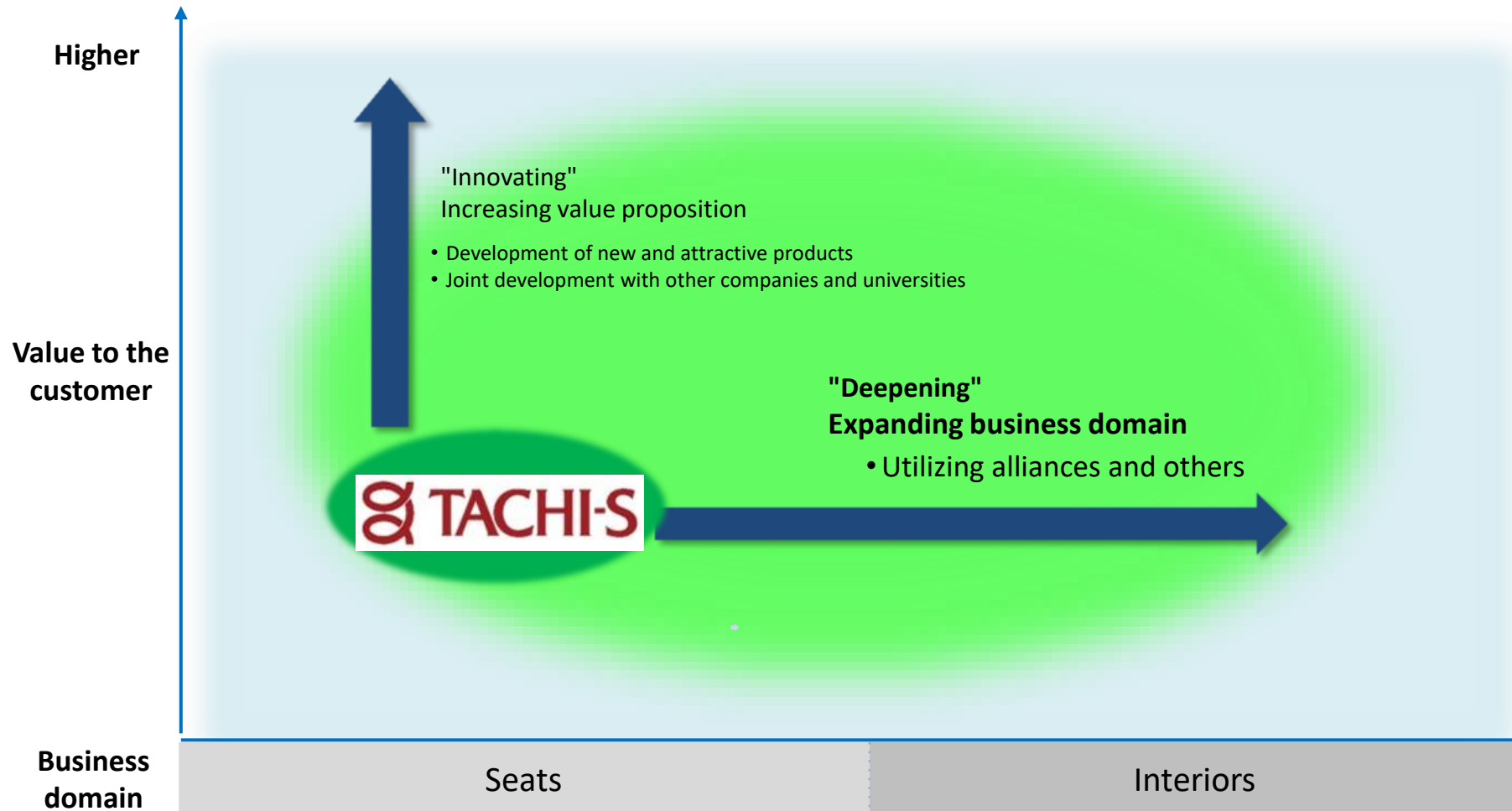


Japan Mexico China
Expanding trim business

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.



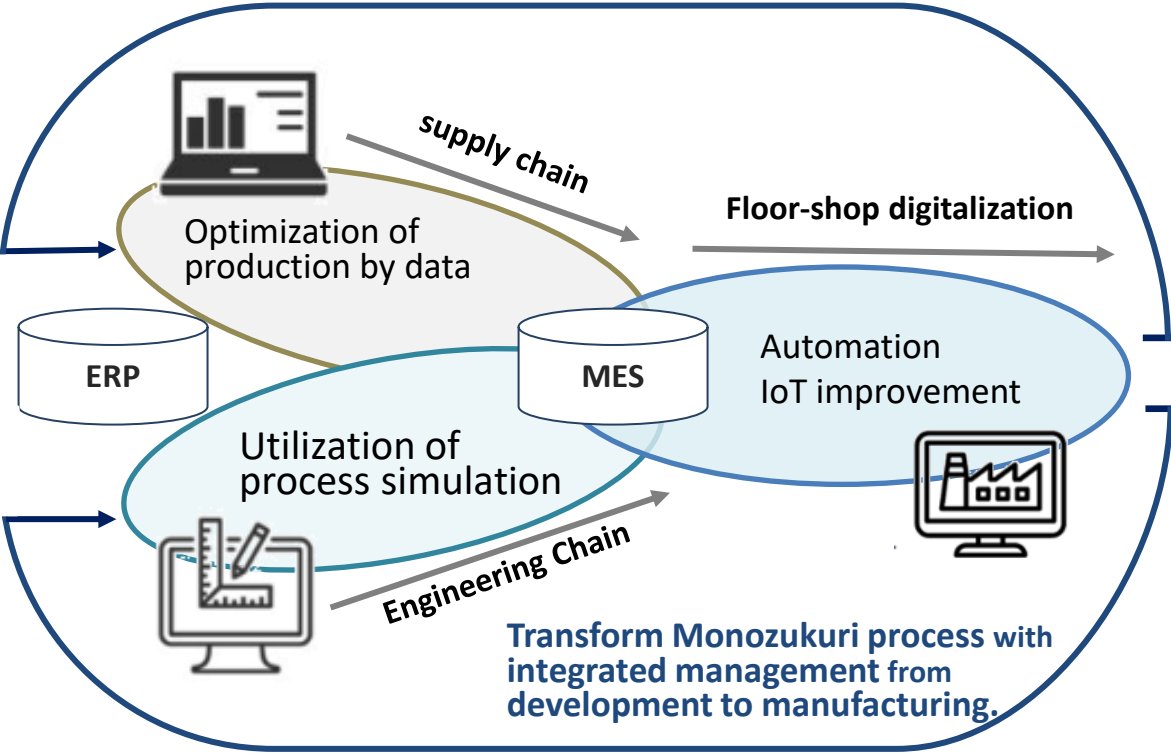
Contents

Strengthening Monozukuri Competitiveness 2.0

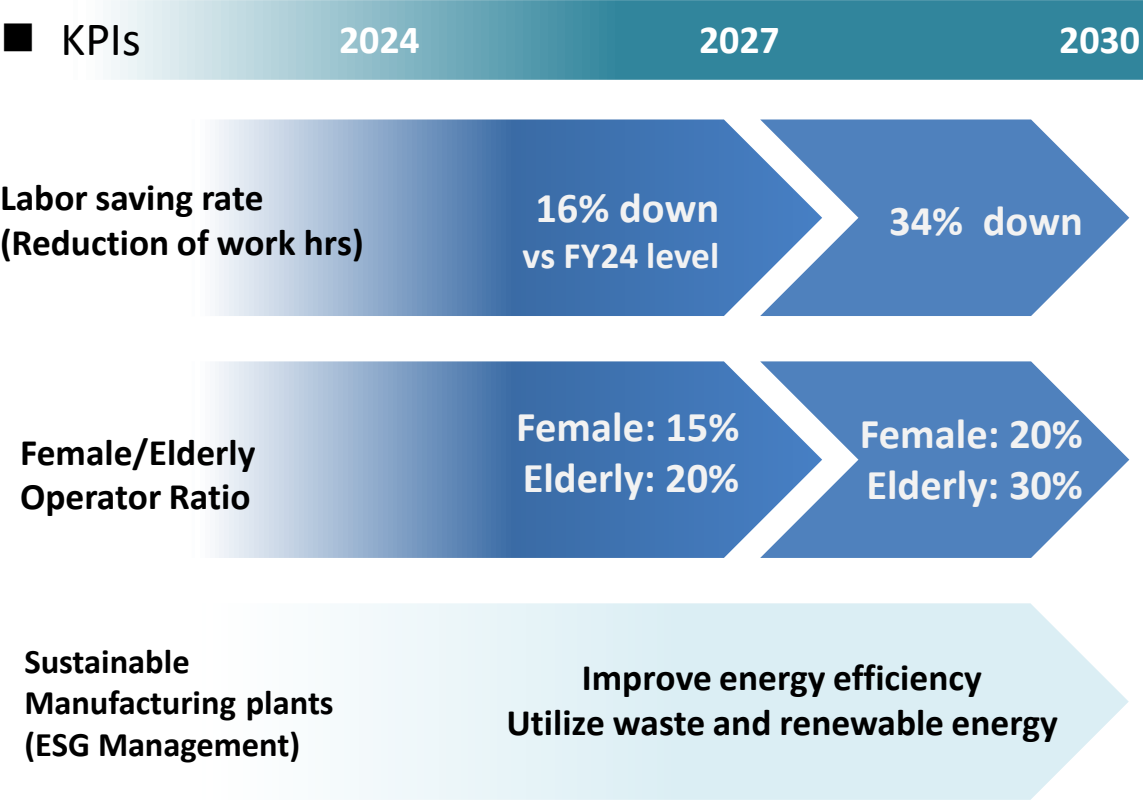
- ▶ Significant Improvement of Productivity by Global Monozukuri Process Transformation through Maximum Utilization of Digital Technology

Smart Factory

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



Foundation **Instillation of New TPW (Tachi-S Production Way) and Kaizen culture**



Strengthening Monozukuri Competitiveness 2.0: Transformation of Development Process

Improving Efficiency/Productivity in Process Designing

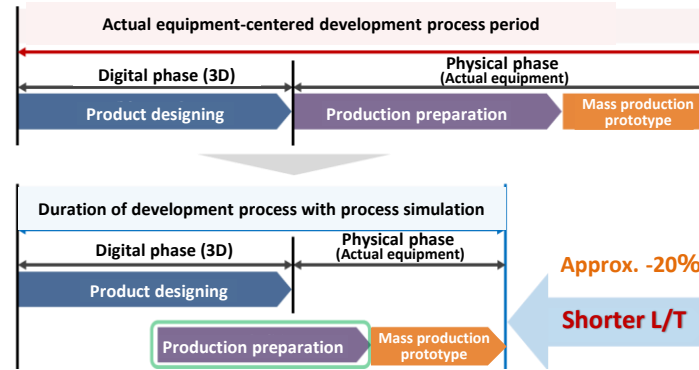
2025

2027

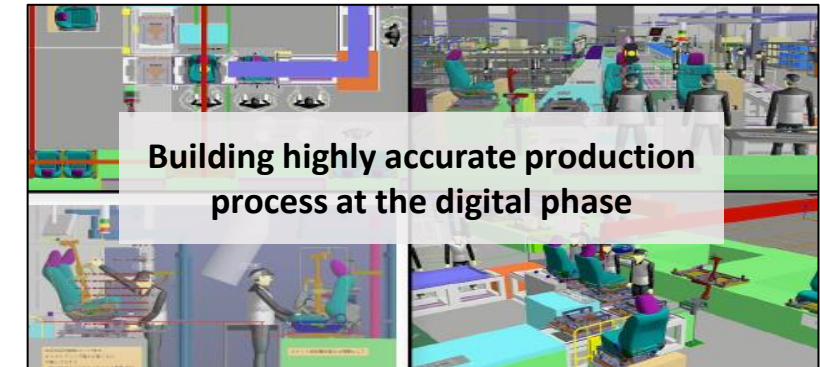
2030

- Shorten development lead time by utilizing simulation
 - Utilize simulation at each global site
- ⇒ Enables highly accurate analysis at the digital phase

Utilization of Simulation



Global Collaboration



Improving Efficiency/Productivity in Development

2025

2027

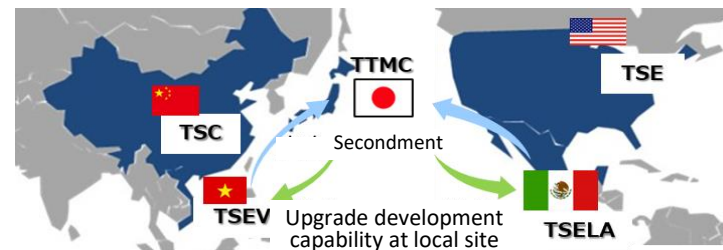
2030

- Build and utilize technical database
 - Improve performance prediction accuracy
Utilize knowledge data
- ⇒ Improve efficiency/productivity

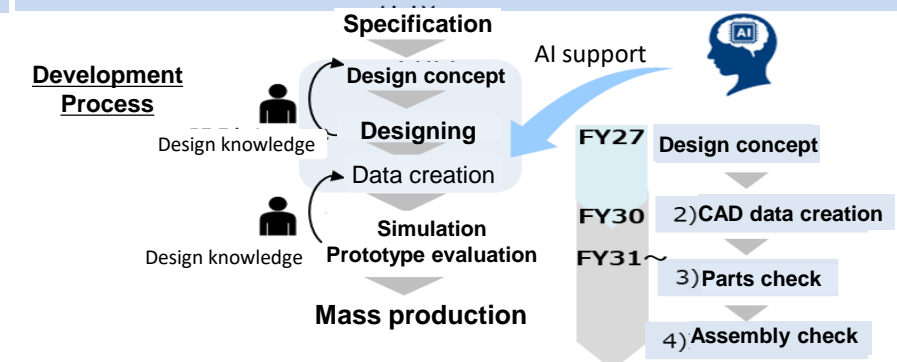
Productivity
UP 3%/year

Global Collaboration for Development

- Optimize resources globally to improve development efficiency
- Improve capabilities of each development site



Utilization of AI



Contents

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

Growth Strategy 4: "Innovating"

- "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



Smart Seat

Offers high-function, multi-function hardware (equipment)



Mobile My Room

Produces the interior space of a vehicle

Technology Know-how

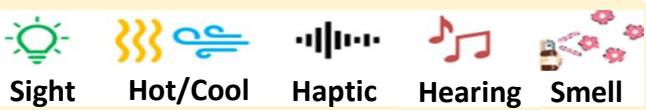
Knowledge

FY25~
Providing a personal, private experience



Smart Shell * Exhibited at Automotive Engineering Exposition 2025 YOKOHAMA held from 21-23 May, 2025

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

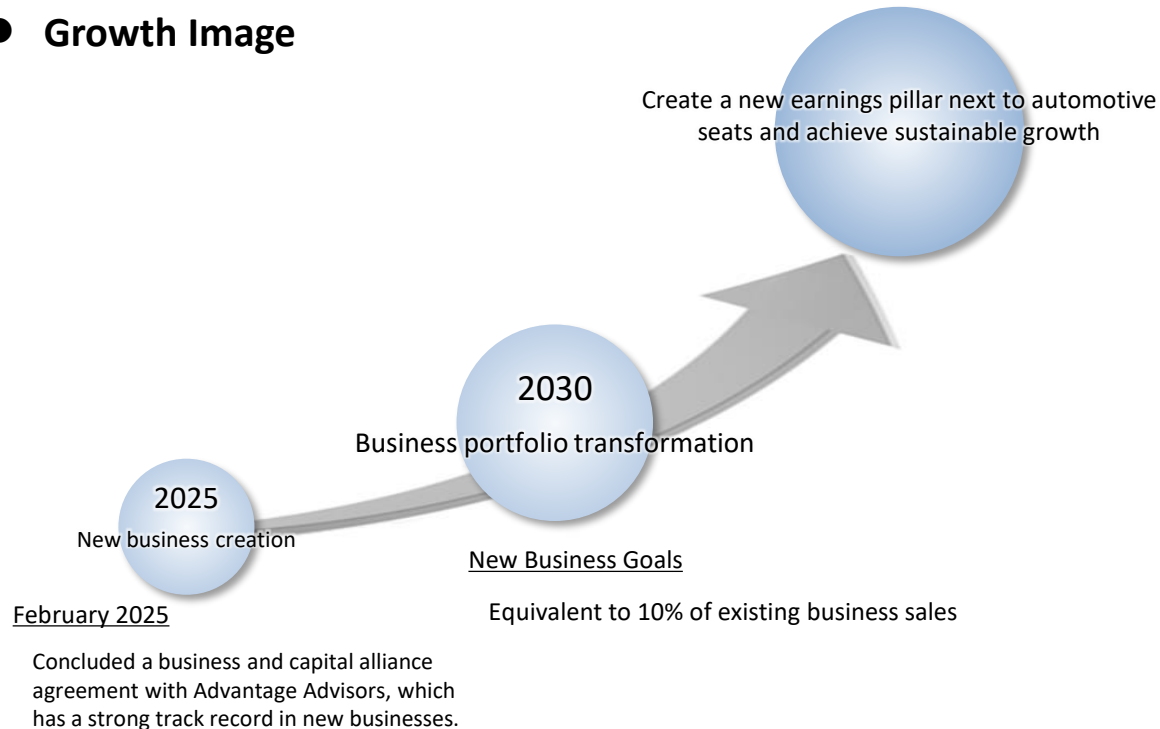
Commercialization

*Including hardware technology

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)

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




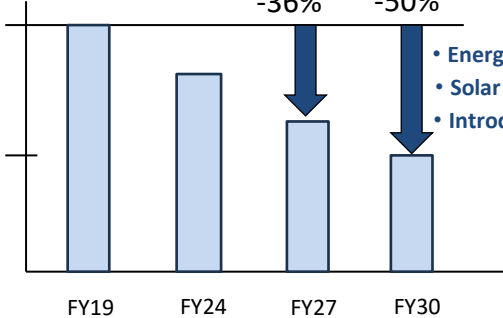
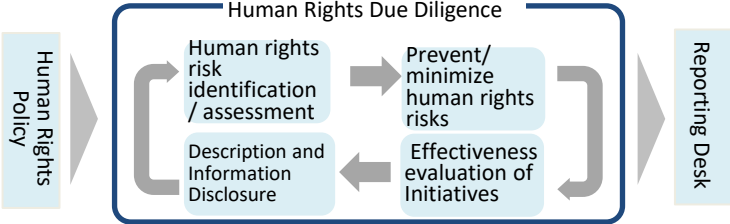

Promoting Human Capital Management

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

- 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

	2024	2027	2030
E Environment	<div> <div>Carbon Neutrality</div> <ul style="list-style-type: none"> CO² emissions -17% vs FY19 Consolidated Scope 1+2 Energy saving/ renewable energy (Solar power generation) CO² emissions third-party assurance </div>	<div> <ul style="list-style-type: none"> Expand solar power generation Expand use of renewable energy electricity  <ul style="list-style-type: none"> Scope 3 (Supplier CO²) reduction activities Product development with recycled/plant-derived materials   <p>Source: Microsoft Generated with "Copilot"</p> </div>	<div> <div>CO² emissions</div>  <p>CO² emissions reduction target -50% compared vs FY19 Consolidated Scope 1+2</p> <ul style="list-style-type: none"> Energy saving Solar power Introduction of renewable energy </div>
S Society	<div> <div>Human rights initiatives</div> <ul style="list-style-type: none"> Formulated TACHI-S Group Human Rights Policy Prepared for operation of human rights due diligence </div>	<div> <ul style="list-style-type: none"> Human rights due diligence operations Group/supplier visit survey  </div>	
G Governance	<div> <div>Information Disclosure</div> <ul style="list-style-type: none"> Published ESG report Relaunched Website </div>	<div> <ul style="list-style-type: none"> Issuance of Integrated Report (Scheduled for October 2026)  </div>	<div> <ul style="list-style-type: none"> Comply with SSBJ sustainability disclosure standards (optional) </div>

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.

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	<ul style="list-style-type: none"> +25% vs FY20 	<ul style="list-style-type: none"> +30% vs FY20 	<ul style="list-style-type: none"> +35% vs FY20
		Number of collaborative activities with external partners	TSJ	<ul style="list-style-type: none"> Number of joint development/research & consignment contracts: 3 	<ul style="list-style-type: none"> Number of joint development/research & consignment contracts: 5 	<ul style="list-style-type: none"> Number of joint development/research & consignment contracts: 5
	Monozukuri Strategy	Percentage of labor saving at global sites	Global	<ul style="list-style-type: none"> Shrinking working population, rising labor costs Utilizing digital technology/IoT →Requires automation/optimization of production processes 	<ul style="list-style-type: none"> Labor saving ratio -15% vs FY24 Target sites: TSJ/TSM/SETEX OHIO 	<ul style="list-style-type: none"> Labor saving ratio -34% vs FY24 Target sites: TSJ/TSM/SETEX OHIO
	Digital Transformation	Improvement of IT literacy	TSJ	<ul style="list-style-type: none"> Start education 	<ul style="list-style-type: none"> Indirect employees 50% 	<ul style="list-style-type: none"> Indirect employees 100%
		Number of digital specialist (digital talent)	Global	<ul style="list-style-type: none"> - 	<ul style="list-style-type: none"> 50 or more (TSJ) 	<ul style="list-style-type: none"> Over 100 people (Global)
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	Environment	Percentage of total CO ² Emissions Scope 1 + 2	Global	<ul style="list-style-type: none"> -17% vs FY19 	<ul style="list-style-type: none"> -36% vs FY19 	<ul style="list-style-type: none"> -50% vs FY19
	Human rights	Human Rights Assessment Score	Global	<ul style="list-style-type: none"> C-B level (expected) 	<ul style="list-style-type: none"> B level or above 	<ul style="list-style-type: none"> A-Level
Develop human capital and a corporate culture that allows employees to act autonomously toward value creation	Human Capital Development/ Talent Management	Forstoring a DE&I Culture that embraces diversity: Percentage of female executive/management	Global/TSJ	<ul style="list-style-type: none"> 4%/4% 	<ul style="list-style-type: none"> 17%/10% 	<ul style="list-style-type: none"> 30%/15%
	Improvement of employee job satisfaction	Work Style Survey	TSJ	<ul style="list-style-type: none"> Base point 	<ul style="list-style-type: none"> Improve by 30% 	<ul style="list-style-type: none"> Improve by 47%