

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities code: 7239
June 2, 2023

To Our Shareholders,

Yuichiro Yamamoto
Representative Director & President
TACHI-S CO., LTD.
1-3-1, Suehiro-cho, Ome-shi, Tokyo

Notice of the 71st Annual General Meeting of Shareholders

Please refer to the below for information about the upcoming 71st Annual General Meeting of Shareholders (the “Meeting”) of TACHI-S CO., LTD. (the “Company”).

In convening this Shareholders Meeting, the Company has taken measures for providing information in electronic format, and has posted the items to be provided electronically on the Company’s website.

The Company’s website

(https://www.tachi-s.co.jp/shareholder/annual_meeting.html)



In addition to the above website, items to be provided electronically are posted on the following website:

Tokyo Stock Exchange website (Listed Company Search)

(<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show/>)



“Net de Shoshu” (Online notice of convocation)

S(<https://s.srdb.jp/7239/>)



If you are unable to attend this Shareholders Meeting in person, you may exercise your voting rights in writing or by electromagnetic means (e.g., via the Internet). Please review the Reference Documents for the General Meeting of Shareholders included in the items to be provided electronically, refer to the Guide to the Exercise of Voting Rights on pages 3 to 5 of the Japanese original, and exercise your voting rights by 5:00 p.m. on Monday, June 19, 2023.

- 1. Date and time:** 10:00 a.m. on Tuesday, June 20, 2023 (Reception will open at 9:00 a.m.)
2. Venue: Sylvan Hall, 2F, Forest Inn Showakan, 4017-3, Haijima-cho, Akishima-shi, Tokyo

The venue of the 71st Annual General Meeting of Shareholders has been changed from last year’s meeting. Please refer to the map at the end of the Japanese original notice.

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 71st term (from April 1, 2022 to March 31, 2023)
 2. Report of the Non-consolidated Financial Statements for the 71st term (from April 1, 2022 to March 31, 2023)

Matters for approval:

<Company Proposals (Proposals 1 to 5)>

Proposal 1: Partial Amendment to Articles of Incorporation

Proposal 2: Election of nine Directors

Proposal 3: Election of one Audit & Supervisory Board Member

Proposal 4: Payment of Bonuses to Directors

Proposal 5: Revision of Remuneration for Outside Directors

<Shareholder Proposals (Proposals 6 to 8)>

Proposal 6: Appropriation of Surplus

Proposal 7: Appropriation of Surplus (Dividend-in-kind for TOYOTA BOSHOKU CORPORATION shares)

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

4. Predetermined Items Related to the Convocation of this Meeting

- (1) If you are unable to attend this Shareholders Meeting, you may designate one other shareholder of the Company with voting rights to attend the meeting as your proxy. However, please note that the submission of a document evidencing the proxy's authority of representation will be required.
- (2) If you diversely exercise your voting rights, you are requested to notify the Company in writing or by electromagnetic means of your intention to do so and state the reason for this no later than three days before the Meeting.

5. Other Matters Related to This Notice

- (1) The document we are sending you also serves as a paper-based document describing the items to be provided electronically based on a request for delivery of paper-based documents. Pursuant to the laws and regulations and the provision of Article 14 of the Company's Articles of Incorporation, the following information is not available in this Notice: "Systems for Ensuring the Properness of Business Activities and Outline of the Operation of the Systems" and "Basic Policy on Control of the Company" in the Business Report; "Consolidated Statement of Changes in Equity" and "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements; "Statement of Changes in Equity" and "Notes to Non-consolidated Financial Statements" in the Non-consolidated Financial Statements. This document is part of the documents audited by the Audit & Supervisory Board Members and the Accounting Auditor in preparing the audit report.
- (2) If revisions to the items to be provided electronically arise, the details of the revisions will be posted on each of the above websites.

6. Other

- (1) If you are attending the meeting on the scheduled day, please submit the enclosed voting form at the reception.
- (2) We will post the contents of resolutions of this Shareholders Meeting on the Company's website on the Internet after the meeting instead of sending a written notice of resolutions.
- (3) Please be aware that no gifts will be provided to shareholders who attend this Shareholders Meeting. We would appreciate your understanding in this regard.

Reference Documents for the General Meeting of Shareholders

Proposals and reference matters

<Company Proposals (Proposals 1 to 5)>

Proposal 1: Partial Amendment to Articles of Incorporation

1. Reasons for the Proposal

- (1) For the purpose of enabling the Board of Directors to operate flexibly and improving the independence, objectivity, and transparency of its decision-making process, the Company will make necessary changes so that Directors other than the Director & Chairman (including Outside Directors) may serve as Chairperson of the Board of Directors.

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>(Convener and Chairperson of the Board of Directors) Article 21. Unless otherwise provided for by laws and regulations, the Board of Directors shall be convened and chaired by <u>the Director & Chairman of the Board of Directors</u>.</p> <p>(ii) In the event <u>the Director & Chairman of the Board of Directors is vacant or the Director & Chairman of the Board of Directors is unable to attend the meeting, the President of the Company shall convene and chair the meeting of the Board of Directors, and in the event the President of the Company is unable to attend the meeting, another Director shall convene and chair the meeting in the order previously determined by the Board of Directors.</u></p>	<p>(Convener and Chairperson of the Board of Directors) Article 21. Unless otherwise provided for by laws and regulations, the meeting of the Board of Directors shall be convened and chaired by <u>a Director previously determined by the Board of Directors</u>.</p> <p>(ii) In the event <u>the Director referred to in the preceding paragraph is unable to attend the meeting, another Director shall convene and chair the meeting in the order previously determined by the Board of Directors.</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 Yuichiro Yamamoto	Representative Director & President, Chief Executive Officer Chief Operating Officer In charge of Global Headquarters Division Manager of Quality Management Division	15/15 (100%)
2	RE-nomination Atsushi Komatsu	Representative Director, Executive Managing Officer Division Manager of Corporate Management Division, In charge of Compliance	15/15 (100%)
3	RE-nomination Takao Ito	Member of the Board of Directors & Executive Managing Officer Division Manager of Monozukuri Division	12/12 (100%)
4	New Nominee Akiyoshi Murakami	Executive Managing Officer, Monozukuri Division Chief of Production and Technology Development Group	-/ (-%)
5	New Nominee Tutomu Okouchi	Executive Managing Officer, Business Division	-/ (-%)
6	RE-nomination Outside Independent Director Toshio Kinoshita	Outside Director	15/15 (100%)
7	RE-nomination Outside Independent Director Hidetaka Mihara	Outside Director	15/15 (100%)
8	RE-nomination Outside Independent Director Yoshiaki Nagao	Outside Director	15/15 (100%)
9	New Nominee Outside Independent Director Sachiko Tsutsui	Outside Director	-/ (-%)

Note: Mr. Takao Ito's attendance at the Board of Directors meetings indicates the number of times he has attended the meetings since his appointment as Director on June 24, 2022.

Candidate No.1

Yuichiro Yamamoto

(July 30, 1968)

RE-nomination


Brief History, Position, Principal Duties and Key Concurrent Posts

April 1997	Joined TACHI-S CO., LTD.
August 2006	Seconded to TACLE Seating U.S.A., LLC (currently TACHI-S Automotive Seating U.S.A., LLC) President
April 2011	Executive Managing Officer Deputy General Manager of Overseas Division
April 2012	In Charge of Nissan Business and Overseas Business Management
April 2014	In Charge of China Business Seconded to TACHI-S China Co., Ltd. President
April 2015	Senior Executive Officer
April 2017	Executive Vice President President, Regional Headquarters for Japan
June 2017	Member of the Board of Directors & Executive Vice President
April 2019	Member of the Board of Directors & Chief Operating Officer In charge of Global Headquarters (incumbent)
June 2019	Representative Director, President & Chief Operating Officer (incumbent)
April 2020	Division Manager of Quality Management Division (incumbent)
April 2022	Chief Executive Officer (incumbent)

■Number of shares of the Company owned
102,400 shares

■Attendance at Board of Directors meetings
15/15 (100%)

Reasons for nomination as a Candidate for Director

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 Chief Executive Officer. Since April 2022, as Chief Executive Officer, he has been promoting globalization within the Group, and we have determined that he is, and will continue to be, essential to the sustainable enhancement of the Group's corporate value.

Candidate No.2

Atsushi Komatsu

(August 2, 1963)

RE-nomination


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 In charge of Compliance (incumbent)
June 2022	Representative Director & Executive Managing Officer (incumbent)


■Number of shares of the Company owned
7,900 shares


■Attendance at Board of Directors meetings
15/15 (100%)


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 finance and management divisions and wide-ranging knowledge cultivated through his experience in overseas business, and has been leading the Company's management as the person responsible for the Corporate Management Division. Since June 2022, as Representative Director, Executive Managing Officer, he has been promoting reforms in the Group, and we have determined that he is essential to the sustainable improvement of the Group's corporate value.

Candidate No.3	Takao Ito	(June 4, 1965)	RE-nomination
 <p>■Number of shares of the Company owned 7,300 shares</p> <p>■Attendance at Board of Directors meetings 12/12 (100%)</p>	Brief History, Position, Principal Duties and Key Concurrent Posts		
	April 1984	Joined TACHI-S CO., LTD.	
	April 2010	Plant Manager of Musashi Plant	
	April 2012	Director of Production Planning Department	
	April 2014	Seconded to TACLE Guangzhou Automotive Seat Co., Ltd., President	
	April 2017	Executive Managing Officer In Charge of China production, Regional Headquarters for China	
	April 2019	Executive Managing Officer President of Regional Headquarters for Japan	
	April 2020	Executive Managing Officer, Deputy Division Manager of Monozukuri Division	
	April 2022	Division Manager of Monozukuri Division (incumbent)	
	June 2022	Member of the Board of Directors & Executive Managing Officer (incumbent)	
Reasons for nomination as a Candidate for Director			
<p>Mr. Takao Ito has been nominated as a candidate to continue in his role as 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 further strengthening of the Group's global manufacturing framework going forward.</p>			

Candidate No.4	Akiyoshi Murakami	(February 3, 1964)	New-nomination
 <p>■Number of shares of the Company owned 3,200 shares</p> <p>■Attendance at Board of Directors meetings -/- (-%)</p>	Brief History, Position, Principal Duties and Key Concurrent Posts		
	April 1987	Joined NISSAN MOTOR CO., LTD.	
	April 2009	Chief of Vehicle Component Engineering Department, Component Engineering Division	
	April 2012	Chief of Seat Planning & Design Group, Nissan Product Development Department No.1, Nissan Product Development Division No.1	
	April 2016	Joined TACHI-S CO., LTD. as General Manager of Frame Engineering Department	
	April 2017	VP in charge of Production and Technology Division, Monozukuri Headquarters	
	October 2018	VP in charge of Frame Engineering Department, Advanced Development Engineering Planning Department, Production and Technology Division	
	April 2019	Executive Managing Officer (incumbent)	
	April 2020	Chief of Production and Technology Development Group (incumbent)	
	Reasons for nomination as a Candidate for Director		
<p>Mr. Akiyoshi Murakami has been nominated as a candidate for Director, as he not only has a wealth of experience and achievements in the development and technology divisions over many years, but also has outstanding knowledge and skills that are indispensable for the development and design of our products, and we have determined that he is essential to implement the Group's technology strategy soundly and globally in the future.</p>			

Candidate No.5	Tsutomu Okouchi	(November 5, 1961)	New-nomination
 <p>■Number of shares of the Company owned 3,200 shares</p> <p>■Attendance at Board of Directors meetings -/- (-%)</p>	Brief History, Position, Principal Duties and Key Concurrent Posts		
	April 1985	Joined MITSUBISHI MOTORS CORPORATION	
	April 2005	Joined Johnson Controls, K.K. (currently Adient Plc.) as Director of Seat Design Department	
	April 2017	Director of Global HONDA Business	
	June 2019	Joined TACHI-S CO., LTD. as General Manager of Business Strategy Administration Department	
	October 2019	Director of Business Strategy Administration Department	
	April 2020	VP in charge of New Business Department, Director of New Business Department	
	April 2021	SVP in charge of New Business Department and Product Development Group, Business Division	
	April 2022	Executive Managing Officer (incumbent)	
	Reasons for nomination as a Candidate for Director		
<p>Mr. Tsutomu Okouchi has been newly nominated as a candidate for Director, as he has a wealth of experience and achievements in the development and technology divisions over many years, as well as experience in sales and marketing. He has been vigorously promoting expansion and new business development for the Company's overseas business, and we have determined that he is essential to support the further growth and development of the Group.</p>			

Candidate No.6	Toshio Kinoshita	(April 12, 1949)	RE-nomination
			Outside
			Independent Director
 <p>■Number of shares of the Company owned 0 shares</p> <p>■Attendance at Board of Directors meetings 15/15 (100%)</p>	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)		
<p>Representative Director & President of Global Professional Partners Co., Ltd. Outside Audit & Supervisory Board Member of Cool Japan Fund Inc. Outside Director, Chairman of Audit & Supervisory Committee of ADK Holdings Inc. Outside Audit & Supervisory Board Member of Denka Company Limited</p>			
Reasons for nomination as a Candidate for Outside Director and Outline of the expected role			
<p>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, and has a high level of insight into corporate management, including management support for other companies, which he has cultivated at a company where he serves as Representative Director and President. 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 eight years as of the conclusion of the Meeting.</p>			

Candidate No.7	Hidetaka Mihara	(July 8, 1958)	<table border="1"> <tr> <td data-bbox="1166 145 1358 172">RE-nomination</td> </tr> <tr> <td data-bbox="1166 172 1426 208">Outside</td> </tr> <tr> <td data-bbox="1166 208 1426 244">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 0 shares</p>	<table border="0"> <tr> <td data-bbox="491 315 699 342">April 1986</td> <td data-bbox="705 315 1426 365">Registered with Dai-Ichi Tokyo Bar Association Joined Hashidate Law Office</td> </tr> <tr> <td data-bbox="491 371 624 398">October 1987</td> <td data-bbox="705 371 1426 398">Joined Blakemore & Mitsuki (renamed Tsunematsu Yanase & Sekine)</td> </tr> <tr> <td data-bbox="491 405 587 432">July 1990</td> <td data-bbox="705 405 1426 432">Seconded to Nomura International plc, London</td> </tr> <tr> <td data-bbox="491 439 596 465">April 1991</td> <td data-bbox="705 439 1426 465">Seconded to Slaughter and May, London</td> </tr> <tr> <td data-bbox="491 472 624 499">January 1993</td> <td data-bbox="705 472 1426 499">Partner at Tsunematsu Yanase & Sekine</td> </tr> <tr> <td data-bbox="491 506 624 533">January 2000</td> <td data-bbox="705 506 1426 533">Partner at Nagashima Ohno & Tsunematsu (incumbent)</td> </tr> <tr> <td data-bbox="491 539 596 566">April 2010</td> <td data-bbox="705 539 1426 589">Committee Member of law reform of the Company Act of Japan (Ministry of Justice of Japan)</td> </tr> <tr> <td data-bbox="491 595 651 622">September 2017</td> <td data-bbox="705 595 1426 676">Expert Advisor of Ministry of Land, Infrastructure, Transport and Tourism, Land Policy Council Land Policy Subcommittee Special Section (Owner unknown land problem examination)</td> </tr> <tr> <td data-bbox="491 683 596 710">June 2018</td> <td data-bbox="705 683 1426 710">Outside Director of TACHI-S CO., LTD. (incumbent)</td> </tr> <tr> <td data-bbox="491 716 651 743">September 2020</td> <td data-bbox="705 716 1426 743">Ph.D. (Law), University of Tokyo</td> </tr> <tr> <td data-bbox="491 750 596 777">April 2021</td> <td data-bbox="705 750 1426 777">President of Dai-Ichi Tokyo Bar Association Vice President of Japan Federation of Bar Associations</td> </tr> </table>	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
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																						
<p>■Attendance at Board of Directors meetings 15/15 (100%)</p>	<p>(Key concurrent posts) Partner at Nagashima Ohno & Tsunematsu</p>																						
<p>Reasons for nomination as a Candidate for Outside Director and Outline of the expected role</p>																							
<p>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, and also has superior insight into corporate management and the formulation of management strategies, which he cultivated through various corporate projects such as corporate rehabilitation and M&A, 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 five years as of the conclusion of the Meeting.</p>																							

Candidate No.8

Yoshiaki Nagao

(February 1, 1953)

RE-nomination

Outside

Independent Director



Brief History, Position, Principal Duties and Key Concurrent Posts

April 1978	Joined KIORITZ CORPORATION (currently YAMABIKO CORPORATION)
February 2006	Executive Managing Officer President & Chief Operating Officer of ECHO Incorporated
February 2008	Member of the Board of Directors & Executive Managing Officer of KIORITZ CORPORATION President & Chief Operating Officer of ECHO Incorporated
December 2008	President & Chief Operating Officer of KIORITZ CORPORATION Executive Managing Officer of YAMABIKO CORPORATION
October 2009	Member of the Board of Directors, Executive Managing Officer & Director of Industrial Machinery DIV of YAMABIKO CORPORATION
June 2011	President, Chief Operating Officer & Executive Managing Officer
June 2012	Representative Director, President & Chief Operating Officer
June 2020	Outside Director of TACHI-S CO., LTD. (incumbent)
January 2021	Representative Director, Chairman & Executive Managing Officer of YAMABIKO CORPORATION
March 2021	Representative Director & Chairman of YAMABIKO CORPORATION
March 2022	Executive Advisor of YAMABIKO CORPORATION

■Number of shares of the Company owned
3,000 shares


■Attendance at Board of Directors meetings
15/15 (100%)

(Key concurrent posts)

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

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 three years as of the conclusion of the Meeting.

Candidate No.9	Sachiko Tsutsui	(May 1, 1962)	New-nomination
			Outside
			Independent Director
	Brief History, Position, Principal Duties and Key Concurrent Posts		
	August 1996	Joined The Gartner Group (currently Gartner Japan)	
	December 2001	Joined UFJ Capital Markets Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)	
	August 2008	Joined Hitachi, Ltd. as General Manager of Strategy Planning Division	
	April 2012	Seconded to Hitachi Consulting Corporation (U.S.A.) Executive Vice President and Board Director	
	October 2017	Seconded to Hitachi Vantara Corporation (U.S.A.)	
	March 2022	Corporate Support Coordinator of the Ashikaga Bank, Ltd.	
■Number of shares of the Company owned	(Key concurrent posts)		
0 shares	-		
■Attendance at Board of Directors meetings	Reasons for nomination as a Candidate for Outside Director and Outline of the expected role		
-/- (-%)	<p>Ms. Sachiko Tsutsui has been nominated as a candidate for Outside Director, as she has long been involved in overseas business development, management support for IT service-related companies, and management of group subsidiaries at global companies, and has abundant experience and broad knowledge of corporate management as well as a wealth of expertise cultivated through her experience in M&A and IPO advisory services as well as SDG consulting at financial institutions. She is also expected to contribute to the appropriate decision-making of the Board of Directors from a global and diverse standpoint.</p>		

Notes:


- 1: The above candidates have no conflicts of interest with the Company.
- 2: Mr. Toshio Kinoshita, Mr. Hidetaka Mihara, Mr. Yoshiaki Nagao and Ms. Sachiko Tsutsui 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. Notification has been submitted to the Tokyo Stock Exchange for Mr. Hidetaka Mihara and Ms. Sachiko Tsutsui to be listed as an independent officer according to the rules of the Exchange.
- 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. If the appointment of Ms. Sachiko Tsutsui as Outside Director is approved, the Company intends to conclude the same Liability Limitation Agreement with her.
- 5: Although the Company currently has no female inside Directors nor female inside 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 inside Director or a female inside 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, 2023.

Proposal 3: Election of one Audit & Supervisory Board Member

The term of office of an Audit & Supervisory Board Member, Mr. Nobuaki Ozawa, 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.

Nobuaki Ozawa	(November 16, 1955)	RE-nomination
		Outside
		Independent Director
 <p>■Number of shares of the Company owned 3,200 shares</p> <p>■Attendance at Board of Directors meetings 15/15 (100%)</p> <p>■Attendance at Board of Audit & Supervisory Board Members meetings 11/11(100%)</p>	<p>Brief History, Position, Principal Duties and Key Concurrent Posts</p> <p>November 1980 Joined Tatsuo Inoue Audit Corporation (currently KPMG AZSA LLC)</p> <p>October 1985 Established Ozawa CPA Firm, Chief Executive Officer of the firm (incumbent)</p> <p>June 2015 Outside Auditor of TACHI-S CO., LTD. (incumbent)</p> <p>October 2016 Representative Partner of Ozawa Accounting Firm (incumbent)</p> <hr/> <p>(Key concurrent posts) 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</p> <hr/> <p>Reasons for nomination as a Candidate for Outside Audit & Supervisory Board Member</p> <p>Although Mr. Nobuaki Ozawa has no experience of being directly involved in corporate management, other than serving as an Outside Audit & Supervisory Board Member, he has been nominated as a candidate to continue in his role as Outside Audit & Supervisory Board Member, as he has financial expertise and experience as a certified public accountant, and we expect him to utilize the same in the Group’s auditing. He will have served as an Outside Auditor of the Company for eight years as of the conclusion of the Meeting.</p>	

Notes:

- 1: The above candidate has no conflicts of interest with the Company.
- 2: Mr. Nobuaki Ozawa is a candidate for Outside Audit & Supervisory Board Member. Notification has been submitted to the Tokyo Stock Exchange for Mr. Nobuaki Ozawa to be listed as an independent officer according to the rules of the Exchange, and the Exchange will be notified again that he is an independent officer if he is re-elected.
- 3: The Company has concluded an agreement with Mr. Nobuaki Ozawa to limit his 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. If the reappointment of Mr. Nobuaki Ozawa as Outside Audit & Supervisory Board Member is approved, the Company intends to maintain the Liability Limitation Agreement with him. 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.
- 4: The Company has concluded a 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, 2023.

[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
Yuichiro Yamamoto	Representative Director & President	●	●	●	●	●		●		
Atsushi Komatsu	Representative Director	●	●	●		●	●	●		●
Takao Ito	Directors				●	●			●	●
Akiyoshi Murakami	Directors				●				●	
Tsutomu Okouchi	Directors			●	●	●		●		
Toshio Kinoshita	Outside Director	●	●			●	●			
Hidetaka Mihara	Outside Director	●	●	●		●	●			
Yoshiaki Nagao	Outside Director	●			●	●		●	●	
Sachiko Tsutsui	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 legal corporation or association is such a recipient, a person affiliated with that group) that has received from Group Companies a large amount⁶ of money or other assets other than remuneration for directors (and other officers).
 - ⑧ The person is a recipient of a large amount⁶ 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).
 - 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 Person⁷).

- Note
- 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 A large amount is defined as an annual average over the past five fiscal years of 10 million yen or more in the case of an individual, or 2% or more of the consolidated net sales or total income of a group in the case where a group such as a legal corporation or association is such a recipient.
 - 7 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.

Proposal 4: Payment of Bonuses to Directors

The Company proposes to pay Bonuses to six of the nine Directors (excluding the Outside Directors) as of the end of the 71st term in an amount totaling 30 million yen, in recognition of the business performance and other factors for the 71st term. The Company's Board of Directors has established a policy for determining the content of remuneration, etc. for individual directors, as described on pages 33 to 35. We believe that this proposal is in line with such policy and its content is appropriate. The Company would like to leave the decision on the bonus amount for each Director to the Board of Directors.

Proposal 5: Revision of Remuneration for Outside Directors

At the 58th Annual General Meeting of Shareholders held on June 25, 2010, it was approved that monetary remuneration for the Company's Directors would be no more than 280 million yen annually (including 20 million yen for Outside Directors), which has remained unchanged to date.

If Proposal 2. "Election of nine Directors" is approved at this Annual General Meeting of Shareholders as originally proposed, the number of Outside Directors will increase by one. In addition, the roles and responsibilities required of Outside Directors have been increasing from the perspective of further strengthening corporate governance. Taking these and other factors into consideration, the Company proposes that the amount of remuneration for Directors (up to 280 million yen per year) remain unchanged, and that only the amount of remuneration for Outside Directors be increased, to 50 million yen per year.

This proposal does not change the limit on remuneration for Directors, but increases the limit on remuneration for Outside Directors in accordance with the increase in the number of Outside Directors. This proposal is necessary and reasonable, and was determined by the Board of Directors after deliberation by the Remuneration Committee, and thus we believe that it is appropriate.

The Company currently has three Outside Directors. If Proposal 2. "Election of nine Directors" is approved as proposed, there will be four Outside Directors.

<Shareholder Proposals (Proposals 6 to 8)>

Proposals 6 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 6: Appropriation of Surplus

1. Reasons for the Proposal

(1) Type of dividend property:

Cash

(2) Distribution of dividend property, and total amount distributed:

The sum of 127 yen minus the amount of dividends per ordinary share based on the proposal for disposal of surplus proposed by the Company’s Board of Directors (the “Company’s profit appropriation proposal”) passed at the 71st Annual General Meeting of Shareholders as the dividend amount per ordinary share (the “Company Proposed Dividend Amount”) , shall be added to the Company Proposed Dividend Amount.

Net assets per share at the end of the 71st fiscal year (in addition to deducting the number of treasury shares from the number of issued shares, the amount of net assets per share is calculated in accordance with ASBJ Guidance No. 4 “Guidance on Accounting Standards for Earnings Per Share”. If the amount (rounded down to the nearest whole number; the same shall apply hereinafter) multiplied by 0.06 (“DOE 6% equivalent”) is different from 127 yen, then the amount of 127 yen at the beginning shall be read as the amount equivalent to 6% DOE.

The total dividend amount is the amount obtained by multiplying the number of shares subject to dividends as of the record date of voting rights at the 71st Annual General Meeting of Shareholders of the Company.

(3) Effective date of distribution:

The day after the date of the 71st Annual General Meeting of Shareholders of the Company.

If the Company’s profit appropriation proposal is proposed at the 71st Annual General Meeting of Shareholders, this proposal will be additionally proposed as independent of and compatible with the proposal.

2. Reason for the Proposal

This proposal is setting the dividend payment to a DOE of 6%.

The Company has set a “DOE of 3-4%” for its mid-term dividend target. The shareholder equity ratio is 46% as of March 31, 2023. In light of the fact that TOYOTA BOSHOKU, a peer company, has a ratio of 36%, the Company has already accumulated a sufficient level of funds. In addition, the Company held approx. 32 billion yen in cash and equivalents, and approx. 7.4 billion yen in cross-shareholdings, giving it a very strong financial base.

The Company has set a goal of 10% ROE with a minimum of 8% by FY 2024, so a further increase in equity capital will only result in a lower ROE.

Therefore, we would like to propose the company indicate its intention to improve capital efficiency and provide stable returns to shareholders over the medium to long-term by raising the current dividend target from a “DOE of 3-4%” to a DOE of 6%.

◆ **Opinion of the Board of Directors**

The Board of Directors opposes this Shareholder Proposal.

◆ Reason for opposing the proposal

The Board of Directors opposes this proposal from the viewpoint of achieving our sound survival and sustainable growth, improving medium to long term corporate value and capital profitability, and improving our valuation from the stock market.

As announced in the Notice Regarding 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)” (the “Mid-Term Management Plan”) for the period from FY2021 to FY2024, and have been diligently carrying out such plan (*). In the Mid-Term Management Plan, as a financial and capital strategy, the period from FY2021 to FY2024 has been positioned to introduce “management with an awareness of the cost of capital” and we have set “FY2024 ROE Minimum: 8% / Target: 10%.” as strategic goals.

(*) As already disclosed, we are currently reviewing the progress of the Mid-Term Management Plan and are considering revising the same in part in response to the significant changes in the business environment since it was formulated. If we decide to formulate a revised plan in the future, we will promptly inform the shareholders of the revised plan and its contents as soon as it becomes available for disclosure. In addition, we do not plan to change the strategic goals of “FY2024 ROE Minimum: 8% / Target: 10%” in the Mid-Term Management Plan.

In the Mid-Term Management Plan, we adopt DOE (Consolidated Dividend on Equity Ratio) as the principal financial indicator for dividends, and aim to achieve a Minimum ROE of 8% in FY2024, taking cash flow, maintenance of a sound financial base over the medium to long term and other factors into account, while also aiming to actively and stably return profit to shareholders. In other words, we have set a target of “3%-4% DOE from FY2021 to FY2024,” which is based on our estimate of 11 billion yen in total dividends (over four years) based on the Mid-Term Management Plan. Based on these policies, we have currently achieved profit returns to shareholders of 3.0% DOE in FY2021 and 3.5% DOE in FY2022 (in terms of dividends per share, 63.60 yen in FY2021 and 73.60 yen in FY2022, for a cumulative total of 137.20 yen for the two years), and these dividends are 1.4 times the cumulative dividend per share of 97.50 yen over the five-year period covered by the medium term management plan for FY2016 to FY2020 (the “Previous Medium-Term Management Plan”). In this way, we are steadily achieving the policy of returning profit to shareholders as set forth in the Mid-Term Management Plan, and are diligently working toward achieving the DOE target of 4% in FY2024.

In terms of capital efficiency, we believe in the importance of realizing medium to long term improvements in corporate value and capital profitability by implementing the capital investment and further growth investment envisioned in the Mid-Term Management Plan, and further believe that we should ensure appropriate capital costs and financial soundness by utilizing external funds in an agile and flexibly manner, such as through borrowing in addition to utilizing our own funds as necessary for the continuous implementation of these business investments. In fact, our capital adequacy ratio was 47.2% at the end of March FY2023, a reduction from 48.0% which was the figure at the end of March FY 2021, while the total amount of capital investment for the two-year period was 8.07 billion yen. Through taking these measures, we are making diligent progress toward achieving this medium-term management plan while ensuring appropriate capital costs and financial soundness.

In order to further improve our evaluation from the stock market, we believe in the importance of steadily implementing the policies and targets of the Mid-Term Management Plan (including any to be presented in the above-described revised plan), and to continuously communicate our medium to long term improvement in corporate value and capital profitability to shareholders to ensure their understanding and acceptance thereof.

As described above, the present proposal, which stipulates that the dividend for the end of March FY2023 shall be equivalent to 6% DOE, is based on a short-term perspective that does not take into account future changes in the business environment or the need for continuous business investment, and is inappropriate from the viewpoint of achieving stable and continuous management and sustainable growth and thereby increasing corporate value and maximizing the common interests of all shareholders.

Proposal 7: Appropriation of Surplus (Dividend-in-kind for TOYOTA BOSHOKU CORPORATION shares)

1. Reasons for the Proposal

(1) Type of dividend property:

Common shares of TOYOTA BOSHOKU CORPORATION (stock code: 3116; “TOYOTA BOSHOKU”) in the amount of 1,316,700 ordinary shares (“Dividend Property in Kind”).

(2) Distribution of dividend property, and total amount distributed:

2,636 million yen (“Amount recorded balance sheet” in the securities report dated June 24, 2022)

(3) Effective date of distribution:

(a) Base number of shares:

Allot one TOYOTA BOSHOKU share per 27 shares of our common shares.

(b) Rights to demand distribution of monies:

Shareholders with the base number of shares may request the Company to deliver money equivalent to the amount calculated in accordance with Article 455, Paragraph 2 of the Companies Act and Article 154 of the Ordinance on Accounting of Companies in place of TOYOTA BOSHOKU shares. The exercise period of the right to claim shall begin on the date of the 71st Annual General Meeting of Shareholders and end on the day on which one month has passed from the date of the same.

(c) Shares less than standard (meaning shares less than (a) above)

Instead of allocating TOYOTA BOSHOKU shares, shareholders with shares less than the standard shall be paid money equivalent to the amount calculated in accordance with the provisions of Article 456 of the Companies Act.

(4) Effective date of distribution:

The day when two months have passed from the date of the 71st Annual General Meeting of Shareholders.

This proposal is to be proposed additionally as it is independent of and compatible with the proposals other than this proposal approved at the 71st Annual General Meeting of Shareholders.

2. Reason for the Proposal

Although we believe the Company should not be holding any cross-shareholdings, the proposal first calls for a dividend-in-kind of TOYOTA BOSHOKU shares, which is the largest such holding. The Company discloses the purpose of holding the shares is to “strengthen collaboration”, but TOYOTA BOSHOKU during the Q&A of its financial results briefing held on Oct 29, 2021, clearly stated that “business has nothing to do with whether or not the Company owns its shares”.

As TOYOTA BOSHOKU has publicly denied any relationship between business and holding shares, the purpose of holdings disclosed by the Company has no basis in fact. However, given that 18% of the total shares issued by the TOYOTA BOSHOKU are held by cross-shareholders, there may be some suspicion that TOYOTA BOSHOKU has requested its cross-shareholders including TACHI-S hold the shares.

To dispel such suspicion, the shares of TOYOTA BOSHOKU should first be disposed of.

◆ **Opinion of the Board of Directors**

The Board of Directors opposes this Shareholder Proposal.

◆ Reason for opposing the proposal

Cooperative relationships with various stakeholders, regardless of the industry, are essential for the Group to survive global competition and continue to grow sustainably as an automotive parts manufacturer. Our basic policy regarding cross-shareholdings, which we hold for the importance of business strategy, the strengthening of relationships with customers and business partners, and the maintenance of our relationships with local communities, 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, and the Board of Directors then examines the appropriateness of holding each individual stock in consideration of the objectives of holding stocks and economic rationality, and we endeavor to reduce such stocks by, in principle, selling those that do not meet the objectives of holding, taking the impact on the market and other factors into account.

Based on the above-stated policy, the Board of Directors has examined the appropriateness of holding each individual stock, including the stocks of Toyota Boshoku Corporation (“Toyota Boshoku”), and will continue to review the appropriateness of holding each individual stock by examining and considering the purpose and economic rationale for holding the cross-shareholdings in detail. We 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. In addition, the Board of Directors will carefully consider and implement the most appropriate measures to reduce the amount of cross-shareholdings, taking the financial, tax, timing, and impact on our business into consideration in a comprehensive and multifaceted manner, so as to contribute to the common interests of shareholders.

Furthermore, if the stocks of Toyota Boshoku are to be distributed in kind in accordance with this proposal, since the dividends would fall under dividend income, we would be required to withhold income tax, etc. related to such dividends. This is not a cash dividend, so we would be obliged to pay the amount of withholding tax related to the dividend in kind in advance, and the shareholders would in turn be required to pay the amount of withholding tax transferred by us in cash. In this way, our shareholders would be obliged to bear the burden, while we would also be obliged to bear unnecessary costs. In addition, in order to smoothly implement cash dividends, which are scarce in actual cases, it is expected that there would be significant consideration and response costs for many parties concerned, such as the Japan Securities Depository Center, securities companies, and securities agency, and that a considerable amount of related costs would also arise. In addition, since the cash dividends of the stocks of Toyota Boshoku do not fall under the category of a so-called tax-qualified share distribution, if the stocks of Toyota Boshoku are distributed in kind in accordance with this proposal, a certain amount of capital gains tax would be imposed on the difference between the market value of the shares to be allocated to cash dividends and their book value. In light of these facts, we believe that it would not be reasonable or optimal to choose the method of cash dividends in order to eliminate cross-shareholdings.

Therefore, the Board of Directors opposes this proposal.

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

1. Reasons for the Proposal

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

Chapter 7 Cross-Shareholdings

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

Article 37

- (1) At the Board of Directors, the Company shall verify whether or not to hold each individual cross-shareholding held by the Company, specifically examining whether the purpose is appropriate as well as whether the benefits and risks from each holding cover the company's cost of capital.
- (2) 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 for "maintaining and strengthening business relationships" is actually fulfilled by maintaining the cross-shareholdings.
- (3) The Company shall disclose the validation result by the Board of Directors of (1) above and the response from each issuing company to the consultation regarding the sale of the shares discussed in (2) above in the Corporate Governance Report which the Company submits to the Tokyo Stock Exchange.

2. Reason for the Proposal

Principle 1-4 of the Corporate Governance Code ("CGC") requires companies to assess whether the benefits and risks for each cross-shareholding are commensurate with the cost of capital, and to disclose the details of the assessment.

As of March 31, 2022, the Company holds approx. JPY 7.4B in cross-shareholdings including TOYOTA BOSHOKU. While the Company states that it complies with CGC 1-4, it has not disclosed specific assessments or verification. In comparison, almost all issuers of cross-shares held by the Company comply with CGC Supplemental Principle 1-4-1.

Therefore, in addition to disclosing specific assessments and verification as stipulated in CGC 1-4, at least once a year the Company shall inform the issuers of the cross-shares of the desire to sell the shares. The response by the issuer should also be disclosed.

◆ Opinion of the Board of Directors

The Board of Directors opposes this Shareholder Proposal.

◆ Reason for opposing the proposal

Cooperative relationships with various stakeholders, regardless of the industry, are essential for the Group to survive global competition and continue to grow sustainably as an automotive parts manufacturer. Our basic policy regarding cross-shareholdings, which we hold for the importance of business strategy, the strengthening of relationships with customers and business partners, and the maintenance of our relationships with local communities, 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, and the Board of Directors then examines the appropriateness of holding each individual stock in consideration of the objectives of holding stocks and economic rationality, and we endeavor to reduce such stocks by, in principle, selling those that do not meet the objectives of holding, taking the impact on the market and other factors into account.

Based on the above-stated policy, the Board of Directors has examined the appropriateness of holding each individual stock. As a result, the Company sold all of its shares in seven stocks (totaling 2,618 million yen) during the two years since the start of the current medium-term management plan (April 2021 to March 2023), thereby reducing the balance of cross-shareholdings of consolidated net assets from 11.1% at the end of March 31, 2021 to 7.2% at the end of March 2023. 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-described policies and initiatives. We believe that it is not 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, or to disclose the issuing company's response, as described in the present proposal. Rather, 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, which is 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, 2022 to March 31, 2023)

1. Matters pertaining to the corporate group

(1) Business progress and results

In the fiscal year under review, the Japanese economy changed course to coexist with COVID-19 and promoted the revitalization of economic activities. However, the future remains uncertain due to the impact of semiconductor shortages and soaring raw material costs, as well as logistics costs triggered by the COVID-19 infections. Overseas as well, economic activity is recovering due to the lifting of the lockdown in Shanghai, China and other factors. However, it is also difficult to forecast the future conditions overseas, due to factors such as the global shortage of semiconductors and the impact on the global economy of world fragmentation caused by the conflict in Ukraine.

In the automotive industry in which the Group operates, automobile manufacturers, which are our customers, continue to be unable to secure their originally planned production volume due to the prolonged shortage of semiconductors and other supply network problems. Although our customers have huge amounts of order backlogs caused by the ongoing supply constraints, the constraints mainly in semiconductor are expected to continue in 2023. Accordingly, in terms of business performance management, it is increasingly important for us to consider how to respond quickly to changes in the production volume of our customers.

During the fiscal year under review, our main activities included improvement of our profit structure, including structural reforms and other efforts, mainly in Japan, Latin America, and North America, as well as initiatives to reduce costs by strengthening our manufacturing competitiveness. Further, we have been striving to improve profitability by streamlining and optimizing business and promoting thorough cost reductions on a global basis, carrying out activities with certainty in those areas that are under our control. In response to customers' sudden production fluctuations due to semiconductor shortages, and an increase in expenses due to soaring raw material costs and logistics costs, which we cannot control, we managed operations through appropriately communicating with our customers after implementing production adjustments to minimize the increased costs. In "Deepening", one of our three business portfolio "SHINKA", we are planning to expand not only the seat business but also the seat parts business, such as trim covers, mechanical parts, frames, etc. In the mechanical parts business, we have established a new joint venture in India. For "Evolution", as a spatial producer, we are working on planning and proposing new spatial experience value in future mobility, as well as developing system control technology as a basic technology necessary for the realization thereof, and have completed a prototype of an integrated ECU in collaboration with other companies. For "Modernizing", we are disseminating ideas through open innovation and conducting concept verifications. In addition, we have expressed our support for the TCFD as a carbon neutral initiative and have prepared information disclosure on climate change-related risks and opportunities.

Under such business environment, consolidated financial results for the fiscal year under review were as follows: Net sales were 243,436 million yen (up 17.9% year-on-year). As a result, operating income was 1,367 million yen (operating loss of 4,203 million yen in the previous fiscal year), ordinary income was 1,973 million yen (ordinary loss of 3,536 million yen in the previous fiscal year), and net income attributable to owners of parent was 5,823 million yen (net loss attributable to owners of parent of 2,059 million yen in the previous period), due to recording extraordinary income from the transfer of non-current assets (gain on sale of non-current assets).

Earnings in the business segments are as follows.

① Japan

Net sales totaled 102,720 million yen (up 27.2% year-on-year), and operating income was 892 million yen (operating loss of 1,684 million yen in the previous fiscal year).

② North America

Net sales totaled 50,433 million yen (up 31.0% year-on-year), and operating loss was 2,052 million yen (operating loss of 2,454 million yen in the previous fiscal year).

③ Latin America

Net sales totaled 63,624 million yen (up 23.7% year-on-year), and operating income was 1,608 million yen (operating loss of 1,627 million yen in the previous fiscal year).

④ Europe

Net sales totaled 352 million yen (down 68.3% year-on-year), and operating income was 350 million yen (up 162.6% year-on-year).

⑤ China

Net sales totaled 24,850 million yen (down 23.8% year-on-year), and operating income was 1,072 million yen

(down 45.5% year-on-year).

⑥ Southeast Asia

Net sales totaled 1,454 million yen (down 28.2% year-on-year), and operating loss was 397 million yen (operating loss of 342 million yen in the previous fiscal year).

(2) Capital expenditures

We implemented a total of 3,504 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	68th term (FY3/2020)	69th term (FY3/2021)	70th term (FY3/2022)	71st term (FY under review) (FY3/2023)
Net sales	(Million yen)	282,302	198,500	206,441	243,436
Ordinary profit (loss)	(Million yen)	1,080	(7,270)	(3,536)	1,973
Profit (loss) attributable to owners of parent	(Million yen)	(1,567)	(13,701)	(2,059)	5,823
Earnings (loss) per share (yen)		(45.54)	(400.53)	(60.19)	170.09
Total assets	(Million yen)	162,171	150,994	158,997	170,004
Net assets	(Million yen)	91,980	78,670	79,181	86,481
Net assets per share	(yen)	2,498.85	2,119.66	2,129.09	2,346.90

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.

2. In the 68th term, net 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.
3. 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.
4. In the 70th term, net sales increased due to the recovery from the impact of the COVID-19 crisis, despite the impact of the global supply shortage of semiconductors. Moreover, ordinary loss decreased as our activities for structural reforms had a certain effect, and net loss attributable to owners of parent decreased due to gains on sales of investment securities.
5. The situation in the 71st term was 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
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 work in Latin America
Industria de Asiento Superior, S.A. de C.V.	26 Million USD	100.0 (19.2)	General business management in Latin America, manufacturing and sales of automotive seats and seat parts
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

Name	Capital	TACHI-S investment ratio	Main components of the business
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 Yanfeng 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
TF-METAL Zhejiang Co., Ltd.	251 Million RMB	82.8 (45.5)	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 in parentheses in the Company's investment ratio column indicate the investment ratios of our subsidiaries.

2. Zhejiang TACHI-S Automotive Parts Co., Ltd. and Zhejiang Fu Chong Tai Automotive Parts Co., Ltd. were merged by TF-METAL Zhejiang Co., Ltd. as of October 11, 2022, and have been excluded from the scope of consolidation from the fiscal year under review.
3. We sold all of our equity in TF-METAL Guangzhou Co., Ltd., and it has been excluded from the scope of consolidation from the fiscal year under review.

③ Matters relating to specified wholly owned subsidiaries

None.

(11) Main components of the business (as of March 31, 2023)

Manufacture and sale of automotive seats and seat parts

(12) Main business locations and plants (as of March 31, 2023)

① TACHI-S CO., LTD.

Head Office	1-3-1, Suehiro-cho, Ome-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) Suzuka Plant (Suzuka-shi, Mie Prefecture)	Musashi Plant (Iruma-shi, Saitama Prefecture) Tochigi Plant (Shimotsuke-shi, Tochigi Prefecture)

Note 1. On December 20, 2022, the Company changed the location of its head office from "3-3-7 Matsubara-cho, Akishima-shi, Tokyo" to "1-3-1 Suehiro-cho, Ome-shi, Tokyo" and transferred the head office function to Technical Monozukuri Center.

2. The Hiratsuka Plant was closed on December 31, 2022, and its functions were transferred to the Musashi Plant.

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

Name	Location
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 Yanfeng 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
TF-METAL Zhejiang 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, 2023)

① Employees in the corporate group

Number of employees	Year-on-year change
10,556	(870)

Note 1. The number of employees is the number of persons employed. The above figure does not include 582 temporary and other employees.

2. The main reason for the decrease was the improvement of the earnings structure in Latin America.

② Employees in the Company

Number of employees	Year-on-year change	Average age	Average years of service
1,200	(25)	38.6 years	14.6 years

Note: The number of employees is the number of persons employed. The above figure does not include 52 temporary and other employees.

(14) Main creditors (as of March 31, 2023)

Creditor	Outstanding balance
	Million yen
Sumitomo Mitsui Banking Corporation	15,986
MUFG Bank, Ltd.	2,335
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.	193

(15) Other important matters pertaining to the corporate group

None.

2. Matters pertaining to the shares of the Company (as of March 31, 2023)

- (1) Total number of authorized shares 140,000,000 Shares
(2) Total number of issued shares 35,242,846 Shares (Including 629,684 treasury shares)
(3) Number of shareholders 14,880 (+8,218 from the previous fiscal year-end)
(4) Major shareholders

Shareholder name	Number of shares held	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,000 shares 4,060	% 11.73
INTERTRUST TRUSTEES(CAYMAN)LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP	2,587	7.48
Custody Bank of Japan, Ltd. (Trust Account)	1,545	4.46
TOYOTA BOSHOKU CORPORATION	1,031	2.98
INTERTRUST TRUSTEES CAYMAN LIMITED AS TRUSTEE OF JAPAN-UP UNIT TRUST	916	2.65
KASAI KOGYO CO., LTD.	905	2.62
Shizuka Saito	805	2.33
TACHI-S Business Partner Share Ownership Association	766	2.21
Sumitomo Mitsui Banking Corporation	750	2.17
STATE STREET BANK AND TRUST COMPANY 505103	666	1.93

Note: Shareholding ratio is calculated after subtracting 629,684 treasury shares. Furthermore, the Company has adopted a performance-linked stock remuneration plan, and the 368,198 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

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

In the fiscal year under review, 10,438 shares were granted to two Directors who retired during the period as compensation for their performance of duties.

(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

Two listed stocks were sold in FY2022 for 1,136 million yen, and the holdings in seven listed stocks were reduced from FY2020 to FY2022. As a result, the number of stocks was reduced from 27 as of the end of March 2021 to 20 as of the end of March 2022.

③ Total strategic shareholdings on the balance sheet (as of March 31, 2023)

Account name	Period	69th term (FY3/2021)	70th term (FY3/2022)	71st term (FY3/2023)
Number of stocks		27	22	20
Total amount on balance sheet (Million yen)		8,752	7,396	6,176
Percentage of net assets on the consolidated balance sheet (%)		11.1	9.3	7.2

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 Members of the Board of Directors and Audit & Supervisory Board Members (as of March 31, 2023)

Position	Name	Areas of responsibility and important concurrent roles
Director & Chairman	Taro Nakayama	
Representative Director & President Chief Executive Officer (Chief Operating Officer)	Yuichiro Yamamoto	In charge of Global Headquarters Division Manager of Quality Management Division
Representative Director (Executive Managing Officer)	Atsushi Komatsu	Division Manager of Corporate Management Division, In charge of Compliance
Directors	Kiyoshi Saito	
Directors (Executive Managing Officer)	Takao Ito	Division Manager of Monozukuri Division
Directors (Executive Managing Officer)	Shigeo Komatsu	Manager of Business Division
Outside Director	Toshio Kinoshita	Representative Director & President of Global Professional Partners Corp. Outside Audit & Supervisory Board Member of Cool Japan Fund Inc. 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	
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 Directors Toshio Kinoshita and Yoshiaki Nagao, and Outside Audit & Supervisory Board Member Shinsuke Matsuo and Nobuaki Ozawa as independent officers in accordance with the regulations of the Tokyo Stock Exchange, and has notified the exchange to that effect.
3. ○ denotes an individual serving concurrently as an Executive Managing Officer, with the position described in parentheses.
4. At the 70th Annual General Meeting of Shareholders held on June 24 2022, Mr. Takao Ito and Mr. Shigeo Komatsu were newly elected as Board of Directors Members and took up their positions.
5. At the conclusion of the 70th Annual General Meeting of Shareholders held on June 24, 2022, Mr. Kunio Arishige and Mr. Kazumi Tamura stepped down as Board of Directors Members due to the expiration of their term of office.
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 net sales and less than 0.13% 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 there is no impact on 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

Based on the Act on the Promotion of Women's Active Engagement in Professional Life, we have formulated the following action plan containing targets for the end of fiscal 2024 in order to create workplaces where women can play an active role and an environment in which women can fully demonstrate their abilities.

Globally, we are considering setting targets that match the circumstances of each country.

In addition, we have set a new goal of appointing a female internal director by 2030 and are working towards it.

<TACHI-S (non-consolidated) Action Plan>

- ① Raise the proportion of women among new graduate hires to at least 30%
 - 1) On-campus information session held at a women's university
- ② Raise the proportion of female managers to at least 10%
 - 1) Continued implementation of rank-specific competency training programs to support the self-actualization and future career development of employees
 - 2) Setting goals for promotion and formulating individual skill development plans to achieve goals
- ③ Understanding global personnel
 - 1) Select female employees from each region as candidates for internal officers
 - 2) Goal setting for each region
- ④ Promote flexible work styles
 - 1) Introduction of a fertility treatment leave system (birth support leave)
 - 2) Conducting interviews about maternity and childcare leave before and after childbirth
 - 3) Introduction of hourly paid leave system
 - 4) Introduction of a system for employees to leave work during working hours
- ⑤ Past record and targets for the proportion of female managers

69th term (FY3/2021)	70th term (FY3/2022)	71st term (FY3/2023)	73rd term (FY3/2025)
2.3% (4 persons out of 172)	3.4% (6 persons out of 175)	4.0% (7 people 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	Kazumi Tamura	Chief of Purchasing Group, Monozukuri Division
Executive Managing Officer	Sumio Ono	President, Regional Headquarters for China President, TACHI-S China Co., Ltd.
Executive Managing Officer	Gonzalo Esparza	Chief of Business Group No. 1, Business Division
Executive Managing Officer	Kazuya Shishido	President, Regional Headquarters for Latin America TACHI-S Engineering Latin America, S.A. de C.V. President Industria de Asiento Superior, S.A. de C.V. President
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. 2 and Chief of Business Group No. 3, Business Division
Executive Managing Officer	Yoshiaki Kubo	Chief of Product Development Group, Monozukuri Division
Executive Managing Officer	Akiyoshi Murakami	Chief of Production and Technology Development Group, Monozukuri Division
Executive Managing Officer	Tomoaki Harashima	Chief of Global Business Management Group, Corporate Management Division In charge of TF-METAL
Executive Managing Officer	Tsutomu Okouchi	Business Division

(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 consists of five Directors: Representative Director & President Yuichiro Yamamoto, Director Kiyoshi Saito, and Outside Directors Toshio Kinoshita, Hidetaka Mihara, and Yoshiaki Nagao, and a system is in place where Audit & Supervisory Board Member Naozumi Matsui may attend as an observer and express his 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)	218 million yen (21 million yen)	173 million yen (21 million yen)	30 million yen	15 million yen	11 (3)
Audit & Supervisory Board Member (Of which Outside Audit & Supervisory Board Members)	41 million yen (9 million yen)	41 million yen (9 million yen)	-	-	4 (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.

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. As for the performance targets, we have used "Consolidated ROE" for each fiscal year from fiscal 2021 in order to further align the perspectives of Directors and our shareholders and to share profits and risks. 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 two Board of Directors Members who resigned as of the conclusion of the 70th Annual General Meeting of Shareholders held on June 24, 2022.

4. The above amount of performance-linked remuneration, etc. includes bonuses for Directors (excluding Outside Directors) to be resolved at the 71st Annual General Meeting of Shareholders to be held on June 20, 2023.

5. The above amount of non-monetary remuneration, etc. includes the provision of reserve for stock remuneration of 15 million yen.

6. The remuneration for the above Outside Directors is not expected to exceed 20 million yen per year during their term of office (from July 2022 to June 2023).

(6) Matters pertaining to outside officers

Main activities during the fiscal year under review

Name	Position	Main activities
Toshio Kinoshita	Outside Director	He attended 15 out of 15 meetings of the Board of Directors held 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 15 out of 15 meetings of the Board of Directors held 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 attended 5 out of 7 meetings of the Remuneration Committee held during the fiscal year under review, making a substantial contribution to deliberations on personnel affairs 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.
Yoshiaki Nagao	Outside Director	He attended 15 out of 15 meetings of the Board of Directors held 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 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.
Shinsuke Matsuo	Outside Audit & Supervisory Board Member	He attended 15 out of 15 meetings of the Board of Directors and 11 out of 11 meetings of the Audit & Supervisory Board, which were held during the fiscal year under review, 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 15 out of 15 meetings of the Board of Directors and 11 out of 11 meetings of the Audit & Supervisory Board, which were held during the fiscal year under review, 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 Hidetaka Mihara attended meetings is counted from the point at which he was appointed as a member of the Remuneration Committee in June 2022.

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 yen
Total amount of cash and other financial benefits payable by the Company and its subsidiaries to the accounting auditor	54 million yen

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 policy, the Board of Directors passed a resolution to pay an ordinary dividend of 36.8 yen per share as the year-end dividend for the fiscal year ended March 31, 2023. As a result, combined with the interim dividend of 36.8 yen per share already paid, the annual dividend for the fiscal year under review will be 73.6 yen.

(Note) Amounts in this business report are rounded down to the nearest million yen, and numbers of shares are rounded down to the indicated unit.

Consolidated Balance Sheet

(As of March 31, 2023)

(Unit: Million yen)

Account Name	Amount	Account Name	Amount
(Assets)		(Liabilities)	
Current assets	105,804	Current liabilities	70,880
Cash and deposits	34,113	Notes and accounts payable - trade	40,095
Notes receivable - trade	5,170	Short-term borrowings	14,495
Accounts receivable - trade	41,464	Lease obligations	824
Merchandise and finished goods	2,606	Income taxes payable	847
Work in process	1,027	Accrued expenses	8,214
Raw materials and supplies	14,382	Provision for bonuses for directors	30
Other	7,062	Provision for loss on litigation	312
Allowance for doubtful accounts	(21)	Asset retirement obligations	217
Non-current assets	64,199	Other	5,844
Property, plant and equipment	34,688	Non-current liabilities	12,642
Buildings and structures, net	9,996	Long-term borrowings	5,500
Machinery, equipment and vehicles, net	11,071	Lease obligations	1,997
Land	6,688	Deferred tax liabilities	2,521
Construction in progress	2,580	Provision for share-based remuneration	227
Other, net	4,351	Retirement benefit liability	2,199
Intangible assets	999	Asset retirement obligations	54
Investments and other assets	28,511	Other	142
Investments securities	11,709	Total liabilities	83,523
Long-term loans receivable	10	(Net assets)	
Deferred tax assets	5,683	Total shareholders' equity	67,061
Retirement benefit asset	1,060	Share capital	9,040
Other	10,530	Capital surplus	8,713
Allowance for doubtful accounts	(482)	Retained earnings	50,734
		Treasury shares	(1,426)
		Other comprehensive income	13,307
		Valuation difference on available-for-sale securities	630
		Foreign currency translation adjustments	12,723
		Remeasurements of defined benefit plans	(46)
		Non-controlling interests	6,111
		Total net assets	86,481
Total assets	170,004	Total liabilities and net assets	170,004

Consolidated Statement of Income

(From April 1, 2022 to March 31, 2023)

(Unit: Million yen)

Account Name	Amount	
Net sales		243,436
Cost of sales		223,267
Gross profit		20,168
Selling, general and administrative expenses		18,801
Operating profit		1,367
Non-operating income		
Interest income	361	
Dividend income	196	
Share of profit of entities accounted for using equity method	937	
Miscellaneous income	547	2,043
Non-operating expenses		
Interest expenses	637	
Foreign exchange losses	646	
Miscellaneous expenditures	152	1,437
Ordinary profit		1,973
Extraordinary income		
Gain on sales of non-current assets	5,390	
Gain on sales of investment securities	715	
Gain on sales of investments in capital of subsidiaries and associates	315	6,421
Extraordinary loss		
Loss on disposal of non-current assets	139	
Business restructuring and improvement expenses	127	
Provision for loss on litigation	304	571
Profit before income taxes		7,823
Income taxes - current		1,835
Income taxes - deferred		(555)
Profit		6,543
Profit attributable to non-controlling interests		720
Profit attributable to owners of parent		5,823

Consolidated Statement of Changes in Net Assets

(From April 1, 2022 to March 31, 2023)

(Unit: Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2022	9,040	8,713	47,285	(1,462)	63,577
Change of items during the period					
Dividends of surplus			(2,374)		(2,374)
Profit attributable to owners of parent			5,823		5,823
Disposal of treasury shares				36	36
Net changes in items other than shareholders' equity					
Total of changes during the fiscal year	-	-	3,448	36	3,484
Balance at March 31, 2023	9,040	8,713	50,734	(1,426)	67,061

(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, 2022	1,215	7,938	131	9,285	6,318	79,181
Change of items during the period						
Dividends of surplus						(2,374)
Profit attributable to owners of parent						5,823
Disposal of treasury shares						36
Net changes in items other than shareholders' equity	(584)	4,784	(177)	4,021	(206)	3,814
Total of changes during the fiscal year	(584)	4,784	(177)	4,021	(206)	7,299
Balance at March 31, 2023	630	12,723	(46)	13,307	6,111	86,481

Non-consolidated Balance Sheet

(As of March 31, 2023)

(Unit: Million yen)

Account Name	Amount	Account Name	Amount
(Assets)		(Liabilities)	
Current assets	51,898	Total current liabilities	41,505
Cash and deposits	9,341	Notes payable - trade	1
Electronically recorded monetary claims - operating	3,384	Electronically recorded obligations - operating	2,300
Accounts receivable - trade	23,677	Accounts payable - trade	17,567
Merchandise and finished goods	265	Short-term borrowings	11,255
Work in process	1,645	Current portion of long-term borrowings	1,000
Raw materials and supplies	4,136	Short-term borrowings from subsidiaries and associates	4,876
Advance payments - trade	379	Accounts payable - other	489
Short-term loans receivable	15,644	Accrued expenses	2,262
Other	3,331	Income taxes payable	669
Allowance for doubtful accounts	(9,909)	Deposits received	74
Non-current assets	48,766	Notes payable - facilities	151
Property, plant and equipment	8,137	Unearned revenue	5
Buildings, net	3,318	Provision for bonuses for directors	30
Structures, net	74	Asset retirement obligations	217
Machinery and equipment, net	920	Other	604
Vehicles, net	2	Non-current liabilities	6,161
Tools, furniture and fixtures, net	263	Long-term borrowings	5,500
Land	3,419	Deferred tax liabilities	386
Construction in progress	137	Provision for share-based remuneration	227
Intangible assets	454	Asset retirement obligations	17
Software	438	Other	30
Other	16	Total liabilities	47,667
Investments and other assets	40,173	(Net assets)	
Investment securities	6,195	Shareholders' equity	52,366
Shares of subsidiaries and associates	24,752	Share capital	9,040
Investments in capital	0	Capital surplus	8,604
Investments in capital of subsidiaries and associates	8,381	Capital reserves	8,592
Long-term loans receivable	5	Legal capital surplus	12
Long-term prepaid expenses	14	Retained earnings	36,148
Prepaid pension costs	348	Legal retained earnings	480
Other	479	Other retained earnings	35,667
Allowance for doubtful accounts	(4)	Reserve for tax purpose reduction entry	19
		General reserve	15,000
		Retained earnings brought forward	20,647
		Treasury shares	(1,426)
		Valuation and translation adjustments	629
		Valuation difference on available-for-sale securities	629
		Total net assets	52,996
Total assets	100,664	Total liabilities and net assets	100,664

Non-consolidated Statement of Income

(From April 1, 2022 to March 31, 2023)

(Unit: Million yen)

Account Name	Amount	
Net sales		95,756
Cost of sales		89,488
Gross profit		6,268
Selling, general and administrative expenses		6,324
Operating loss		(56)
Non-operating income		
Interest and dividend income	3,819	
Reversal of allowance for doubtful accounts	1,075	
Miscellaneous income	141	5,036
Non-operating expenses		
Interest expenses	495	
Foreign exchange losses	800	
Miscellaneous expenditures	35	1,331
Ordinary profit		3,648
Extraordinary income		
Gain on sales of non-current assets	5,351	
Gain on sales of investment securities	715	
Gain on sales of investments in capital of subsidiaries and associates	185	6,251
Extraordinary losses		
Loss on disposal of non-current assets	19	
Business restructuring and improvement expenses	104	124
Profit before income taxes		9,775
Income taxes - current		1,048
Income taxes - deferred		(5)
Profit		8,732

Non-consolidated Statement of Changes in Net Assets

(From April 1, 2022 to March 31, 2023)

(Unit: Million yen)

	Shareholders' equity					
	Share capital	Capital surplus			Retained earnings	
		Capital reservers	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings
					Reserve for tax purpose reduction entry	
Balance as of April 1, 2022	9,040	8,592	12	8,604	480	20
Change of items during the period						
Dividends of surplus						
Profit						
Reversal of reserve for tax purpose reduction entry						(0)
Disposal of treasury shares						
Net changes of items other than shareholders' equity						
Total of changes during the fiscal year	—	—	—	—	—	(0)
Balance as of March 31, 2023	9,040	8,592	12	8,604	480	19

(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, 2022	15,000	14,289	29,790	(1,462)	45,972	1,213	1,213	47,186
Change of items during the period								
Dividends of surplus		(2,374)	(2,374)		(2,374)			(2,374)
Profit		8,732	8,732		8,732			8,732
Reversal of reserve for tax purpose reduction entry		0	—		—			—
Disposal of treasury shares				36	36			36
Net changes of items other than shareholders' equity						(584)	(584)	(584)
Total of changes during the fiscal year	—	6,358	6,358	36	6,394	(584)	(584)	5,810
Balance as of March 31, 2023	15,000	20,647	36,148	(1,426)	52,366	629	629	52,996