Contents

Outline of the 15th Medium-Term Management Plan Fiscal 2024-2026

Under the 15th Medium-Term Management Plan, we are first of all focusing on responding to the fast-changing market environment and recovering profitability as quickly as possible, in order to achieve further growth and deliver on our 2030 Vision. To do this, we will pursue nine priority strategies grouped into three areas: growth, regional, and functional. Also, seeking to bring to fruition the ESG management efforts we have implemented to date, we will aim to contribute to building a sustainable world, and we will always strive to be a reassuring presence for all our stakeholders and a company sincerely appreciated by all.

	Manageme	ent policy Realizing ESG management			
Priority strategies Initiatives and progress					
	Securing cabin coordination capacity	Creating attractive cabin products and technologies Active co-creation activities with companies in other industries Research on how people spend time inside a vehicle, focusing on next-generation vehicles Enhancing systems and software development capabilities Development of electronic control device components such as seat-integrated ECUs Training of advanced engineers Products based on next-generation technologies chosen for use in new models, including next-generation EVs			
Growth strategies	2 Further growth in new businesses	Strategic acceptance of orders for target commercial rights Securing commercial rights for derivative models that incorporate technologies from existing ordered models Securing orders for advanced development on future models by proposing next-generation technologies in advance Building a new plant in India in response to growth in orders for Maruti Suzuki			
	A higher share of major customers' products	 Receiving orders for seat trading rights through regional coordination Securing commercial rights in regions where no seat orders have yet been received Building new partnerships and deploying sales activities leveraging them Growing orders received for parts commercial rights Steadily receiving orders for next-generation shared frames Enhancing development to receive orders for light-vehicle frames Growing orders received through enhancing our competitive strengths in parts Competitive commercial rights in fiscal 2024: 90% achievement rate of orders for target models 			
	V-shaped recovery in North America	 Transformation to a corporate structure capable of adapting to environmental change Rigorous automation of production to stay ahead of irregular production and rising raw material and labor costs Strengthening cost competitiveness through optimization of specifications, materials, and processes Implementation of measures to improve income, including adopting automated laser welding equipment and automated vertical warehouse facilities 			
Regional strategies	Restructuring the China business strategy	New initiatives not bound by existing businesses Building new partnerships aiming to secure new customers Expanding use of local manufacturers to lower costs and reduce procurement risks Revamping development systems to respond to the market environment Acquisition of new orders for commercial rights for components from local automakers			
	Strategic growth in new businesses in Europe	Further business expansion with European automakers Sales development with Poland as a key station New establishment of a trim cover production company with a view to expanding adoption of components Start of production of third-row seats for new EVs of European automakers			
	Supply chain restructuring	 Toward a sustainable supply chain Balancing stability and profitability through risk visualization and efforts to promote local procurement Working with business partners to reduce supply chain CO₂ emissions volume (Scope 3) Promotion of the procurement reorganization project, revision of procurement policies for each component from a comprehensive perspective 			
Functional strategies	Enhancing efforts to develop environmental technologies	 Evolution of environmental technologies for early commercial use Establishing technologies for use of biomass materials and electric furnace steel from scrap steel in products Resource recycling accomplished by selecting materials and designing structures with recycling in mind Finalization of targets for developing technologies to use sustainable materials in products 			
	Building high efficiency production structures	Building a production structure capable of outperforming competitors Continuous evolution of production lines through introduction of digital transformation and AI, and automation Improvement of production management efficiency through system reviews, etc. Reorganization of production sites in Japan and overseas			
Foundation	Human resources strategies/Financial strategies ▶pp. 18–21 /Earning a reputation as a quality leader/Promoting and firmly establishing sustainability				

Financial targets	14 th Medium-Term Management Plan results	15 th Medium-Term Management Plan targets	2030 targets
Revenue (Billion yen)	409.2	480	700
Operating income (Billion yen)	15.2	44	68
Operating margin	3.7%	9.2%	9.7%
ROE	1.8%	8.5%	10.0%

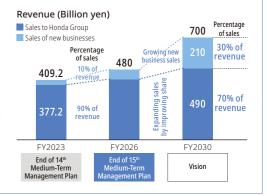
	Shareholder returns	areholder returns	
	Basic policy	Implementing sustained, stable returns unaffected by business results	
Dividends Stable increase in dividend payments, targeting DOE of 3.5% or more by the end of the 15th Medium-Term Man		Stable increase in dividend payments, targeting DOE of 3.5% or more by the end of the 15th Medium-Term Management Plan	
	Acquisition of treasury stock	Flexible share buyback during the term of the 15 th Medium-Term Management Plan amounting to cumulative total of approximately 20 billion yen and appropriate retirement of treasury stock	

М	ateriality KPIs • pp. 40–41	14 th Medium-Term Management Plan results	15 th Medium-Term Management Plan targets	2030 targets
ociety	Innovative technology development expenses as a percentage of R&D expenses	vs. FY2021 +2.6%	vs. FY2021 +3%	vs. FY2021 +10%
So	Seat supplier IQS rating	8.8P	7.0P	2.0P (stable high levels)
	CO ₂ emissions reduction rate	vs. FY2020 -16%	vs. FY2020 -25%	vs. FY2020 -50%
ment	Waste reduction rate	vs. FY2020 -16% (Total)	vs. FY2020 -25%	vs. FY2020 -50%
Environment	Water intake reduction rate and environmental impact from wastewater	vs. FY2020 -13% (Total)	vs. FY2020 -15%	vs. FY2020 -50% "0" environmental impact
	Establishment of the TS TECH Fund (matching gift program)	Program survey Study of plans	Establishing a TS TECH Group donation program	Establishing a TS TECH Group donation program
	Engagement rating	C	BB	AAA
Corporate foundation	Supplier Sustainability Guidelines compliance rate	97% (Subject: 126 domestic suppliers)	100% (Subject: Domestic and international suppliers)	100% (Subject: Domestic and international suppliers)
Cor	Percentage of management positions held by diverse human resources	32.5%	33.3%	35%
	Corporate Governance Code compliance rate	100%	100%	100%

Promoting further business growth

The TS TECH Group has achieved steady business growth as a global partner of the Honda Group. In order to achieve further growth, we will strive to realize our 2030 Vision not only by executing the strategy of earning "a higher share of major customers' products" with a focus on the Honda Group, but also with the strategy of "further growth in new businesses," for instance expanding commercial rights from new customers.

As for new business areas, although we face delays in some order plans due to customers revising their own development plans in response to demand fluctuations in the EV market, we have been successful in acquiring new commercial rights from the Suzuki Group. In addition, we have received a new order for commercial rights for parts from a local Chinese automaker, and we will further accelerate our sales activities to achieve our goals.



Building high efficiency production structures

We promote thorough automation of production and inspection processes to build high efficiency production structures that outperform the competition. We will further accelerate the development of manufacturing technology by advancing the construction of a new Production Technology Building at the Saitama Plant that will enable verification and validation of manufacturing technology and mass production, establishing Japan as home of a "global mother plant," and disseminating the manufacturing technology generated there to the Group's production sites.

At the same time, the reorganization of domestic and overseas production sites, which we have been steadily carrying out to further strengthen the competitiveness of components and improve profitability, is progressing according to plan.

- Strengthening global mother plant functions through production reorganization at the Saitama Plant
- Streamlining processes through integration of domestic subsidiaries
- Commencing the manufacturing of molds and the operation of a technology development facility
- Sharing expertise through exchange of mold production technology with H-ONE CO., LTD.
- Consolidating production sites in Indonesia



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