

Initiatives for a V-Shaped Recovery in North America

The Americas region is a vital strategic base for the Group, accounting for approximately 50% of total sales. Amid mounting pressure on profitability due to recent changes in the business environment,

TS TECH has positioned a "V-shaped recovery in North America" as one of the key strategies in its 15th Medium-Term Management Plan and is actively pursuing initiatives to achieve this goal.

In this feature, we speak with local employees in the Americas about the current situation and their efforts toward realizing this recovery.



How are the changes in the automotive industry perceived in the Americas?



Paul Brumfield
TS TECH AMERICAS, INC.
Executive Vice President

With over 30 years of experience and a proven track record in the industry, Paul now serves as Executive Vice President, where he is driving innovative approaches to support business growth.

Paul: The automotive industry in the Americas is currently being significantly affected by external influences, including shifts in government policy and the diversification of consumer preferences. In recent years, the transition to electric vehicles (EVs) has accelerated, prompting the industry to intensify its efforts in this area. At the same time, however, policy reversals—such as the withdrawal of EV mandates and the loosening of emissions regulations—have led to signs of a resurgence in gasoline-powered vehicles. These developments reflect the rapid and unpredictable changes occurring in the business environment, with ripple effects spreading throughout the supply chain. In this increasingly uncertain landscape, it is more important than ever to detect early signs of change and respond with agility and speed.

What is the current status of the V-shaped recovery in North America initiative?

Paul: A V-shaped recovery in North America is one of the key pillars of our regional strategy under the 15th Medium-Term Management Plan. Although this goal remains central, customer production plans have continued to fluctuate due to a combination of factors, including a sharp decline in production volumes during the COVID-19 pandemic and ongoing semiconductor shortages.

In such an uncertain environment, flexibility in responding to changing customer needs is essential. However, prolonged volatility may lead to employee turnover and, as a result, a potential increase in internal costs.

In response to the urgent need to improve profitability, we have further accelerated our ongoing initiatives toward high-efficiency production. By actively introducing new

automation equipment—from assembly to shipping—we are improving production efficiency and driving cost reductions.



Richard Orr
TS TECH AMERICAS, INC.
Corporate Administration
Vice President

With a background in product development, Richard now leads the corporate administration division, where he is driving initiatives to support a V-shaped recovery in North America, particularly in non-production functions.

Richard: At the same time, improving employee retention has become a key priority. Recent changes in the external environment have brought about significant shifts in employees' work styles and values. In particular, since the COVID-19 pandemic, there has been a growing emphasis on work-life balance and personal time. As a result, overtime and weekend work are increasingly linked to higher turnover rates.

In light of these circumstances, we have been steadily working to simplify and streamline business processes—not only in the production division but also in indirect departments such as human resources, accounting, and others—as part of our commitment to respecting work-life balance and fostering a workplace where employees feel safe and comfortable. Precisely because we are operating in such a challenging business environment, we remain deeply grateful to our employees who continue to work with us, and we are committed to improving workplace conditions and boosting motivation.

What is your vision for the future of TS TECH in the Americas?

Richard: Our goal is to further enhance operational efficiency by promoting the use of AI and digital transformation. Through rapid, data-driven decision-making, we aim to remain resilient and continue taking on challenges without giving up, even in the face of adversity.

Paul: The most important factor in future business operations will be the ability to flexibly adapt to change as needed. As we continue our transformation toward a more resilient corporate structure, we remain committed to cherishing the colleagues who have stood with us through past challenges.

What initiatives are planned for the future?

Steve: To navigate these turbulent times, companies must maintain a high level of competitiveness. If we fail to adapt to the changes ahead, we risk falling behind our competitors. Embracing change and continuing to take on challenges with a flexible mindset will be key to acquiring new commercial rights and gaining new customers.

Jamie: To drive business transformation, we must adopt new perspectives and break free from conventional thinking. By actively leveraging AI and other technologies, software, and systems, we believe we can achieve further improvements not only in production but also across administrative functions such as human resources and finance.

Tsuge: Under the 15th Medium-Term Management Plan, we actively promoted automation across our operations, and we intend to further accelerate the deployment of automation technologies in the next plan. To support continued automation and the evolution of our production lines, we are working closely with the Engineering Center in Japan to streamline equipment testing and other preparatory steps, enabling the early launch of new automated systems.



A Japanese engineer conducting on-site testing

Joe: Teamwork is essential for manufacturing that meets the expectations of all stakeholders. At the TS TECH Group, we foster strong collaboration between Japan and North America, within each site in the Americas, and at times with other regions. This is undeniably one of our core strengths.

In my area, we are further enhancing organizational resilience and flexibility by strengthening collaboration with suppliers. Drawing confidence from the teamwork that has enabled us to overcome numerous challenges, we will continue to move forward as one unified team—advancing our V-shaped recovery and striving for sustainable growth beyond it.

TS TECH AMERICAS, INC



Established: May 1995
Business areas:
General management of Americas region
Research and development
The Americas Head Office

TS TECH USA CORPORATION



Established: December 1994
Business areas:
Manufacturing of seats and seat frames for four-wheeled vehicles

Sustainability line at TS TECH USA CORPORATION plant

As part of our commitment to sustainability, we have established a dedicated production line within the plant to provide a safe and supportive environment for employees with disabilities. By performing tasks aligned with their individual strengths, these team members contribute meaningfully to our manufacturing operations.

This initiative exemplifies how one of our Group's core corporate philosophies—being "A company dedicated to realizing people's potential"—is deeply embedded in our daily operations.



Employees working on the sustainability line



Special Feature on the Americas

Automation and Efficiency in Production Processes in the Americas

As part of our efforts to achieve a V-shaped recovery in North America, we are developing a highly efficient production system for each production site. One specific example is the adoption of automation equipment by TS TECH USA CORPORATION, our primary production site in the United States.

Autonomous Mobile Robot (AMR)

In fiscal 2023, we introduced AMRs into the factory to perform autonomous parts conveyance between production processes. In the past, we used magnetically guided automated guided vehicles (AGVs) and embedded magnets in the floor to mark the conveyance routes. However, this necessitated construction when changing or building new routes, and caused issues with annual repair costs and the time required for bringing routes on line. The new AMRs we introduced use a built-in camera to automatically grasp the layout of the factory and move autonomously. This has eliminated the need for construction when changing the factory layout, and allowed for more flexible operation. As a result, we were able to reduce the labor required for transport by 25% under our 15th Medium-Term Management Plan and curtail annual repair costs to 1/6th of what they were previously. Moreover, AMRs can move 40% faster than AGVs, helping to make internal factory logistics significantly more efficient.



Automated Storage and Retrieval System (ASRS)

When manufacturing products, the model and specifications (such as equipment and color) must be delivered in alignment with the customer's production schedule and delivery format. Previously, we assembled front and rear seats on separate production lines and stored them together on a single pallet in an automated storage and retrieval system (ASRS), which allowed for non-manual storage and retrieval. These were then shipped at the appropriate time according to the customer's production sequence.

However, under this method, if one production line was halted for quality inspection, the other line also had to stop, resulting in idle time. Prolonged production instability led to increased overtime, which significantly impacted operational efficiency. To address this, we are currently expanding the ASRS and reconfiguring the factory layout to make each production line independent. We have established a system in which completed front and rear seats are stored separately, and retrieved individually from the ASRS before shipment to be placed on pallets. This enables more flexible production on each line and is expected to reduce production losses. In addition, we plan for the stabilization of production to help reduce our employee turnover rate by decreasing overtime hours and holiday work.

