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 the challenge of recovering profitability as soon as possible, to achieve further growth and deliver on our 2030 Vision. To do this, the plan sets out nine key strategies, comprising growth, regional and functional strategies. We also aim to help to build a sustainable world, as the ESG management initiatives we have been implementing since the 13th Medium-Term Management Plan culminate, and always seek to be a reassuring presence for our stakeholders and "A company sincerely appreciated by all."

	Management policy	Realizing ESG management		
	Priority strategies	Notable initiatives		
Growth strategies	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		
	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 New customer development Enhancing joint efforts between individual regions and the head office, centered on the New Business Management Division		
	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		
Regional strategies	V-shaped recovery in North America	Achieving a reformed corporate structure capable of adapting to production fluctuations Thorough automation of production line to keep up with irregular production and cost increase pressures Strengthening cost competitiveness through optimization of specifications, materials, and processes		
	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		
	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		
Functional strategies	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 CO ₂ emissions volume (Scope 3)		
	Enhancing efforts to develop environmental technologies	Evolution of environmental technologies for early commercial use Establishment of technologies for product applications for biomass materials and eco-friendly steel materials Resource recycling accomplished by selecting materials and designing structures with recyclin in mind		
	Building high efficiency production structures	Building a production structure capable of outperforming competitors Continuous evolution of production lines through introduction of digital transformation and A and automation Improvement of production management efficiency through system reviews, etc.		
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				
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 15 th 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 20 billion yen and appropriate retirement of treasury stock			

Materiality KPIs ▶ pp. 12–13		14 th Medium-Term Management Plan results	15 th Medium-Term Management Plan targets	2030 targets
Society	Innovative technology development expenses as a percentage of R&D expenses	vs. FY2021 +2.6%	vs. FY2021 +3%	vs. FY2021 +10%
	Seat supplier IQS rating	8.8P	7.0P	2.0P (stable high levels)
Environment	CO ₂ emissions reduction rate	vs. FY2020 -16%	vs. FY2020 -25%	vs. FY2020 -50%
	Waste reduction rate	vs. FY2020 -16% (Total)	vs. FY2020 -25%	vs. FY2020 -50%
	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
Corporate	Engagement rating	C	BB	AAA
	Supplier Sustainability Guidelines compliance rate	97% (Subject: 126 domestic suppliers)	100% (Subject: Domestic and international suppliers)	100% (Subject: Domestic and international suppliers)
	Percentage of management positions held by diverse human resources	32.5%	33.3%	35%
	Corporate Governance Code compliance rate	100%	100%	100%

Securing cabin coordination capacity

Changes in automobiles brought about through technological innovation will transform the value required of vehicle interiors. In order to seize this business opportunity and translate it into further business growth, it is imperative to be able to coordinate not only seats but the entire cabin, proposing new value to customers and users. We will work to create products and technologies that, put together, can deliver attractive cabins, utilizing both our accumulated proprietary technologies and collaboration with companies in other fields.

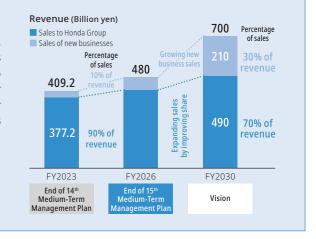


Targeting further business growth

The TS TECH Group has to date achieved steady business growth, serving as a global partner to Honda Motor Co., Ltd. and its affiliates in the Honda Group. In order to achieve further growth, we aim to achieve our 2030 Vision not by securing a higher share of major customers' (Honda Group) business but also by ensuring further growth in new businesses, for instance by acquiring new customers and commercial rights outside the Honda Group.

2030 targets

- Automobile seat share for the Honda Group above 70%
- New business sales accounting for more than 30% of consolidated revenue



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