

# Outline of the 15<sup>th</sup> Medium-Term Management Plan Fiscal 2024–2026

Under the 15<sup>th</sup> 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 13<sup>th</sup> 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	<ul style="list-style-type: none"> <li>• <b>Creating attractive cabin products and technologies</b> Active co-creation activities with companies in other industries Research on how people spend time inside a vehicle, focusing on next-generation vehicles</li> <li>• <b>Enhancing systems and software development capabilities</b> Development of electronic control device components such as seat-integrated ECUs Training of advanced engineers</li> </ul>
	Further growth in new businesses	<ul style="list-style-type: none"> <li>• <b>Strategic acceptance of orders for target commercial rights</b> 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</li> <li>• <b>New customer development</b> Enhancing joint efforts between individual regions and the head office, centered on the New Business Management Division</li> </ul>
	A higher share of major customers' products	<ul style="list-style-type: none"> <li>• <b>Receiving orders for seat trading rights through regional coordination</b> Securing commercial rights in regions where no seat orders have yet been received Building new partnerships and deploying sales activities leveraging them</li> <li>• <b>Growing orders received for parts commercial rights</b> 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</li> </ul>
Regional strategies	V-shaped recovery in North America	<ul style="list-style-type: none"> <li>• <b>Achieving a reformed corporate structure capable of adapting to production fluctuations</b> 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</li> </ul>
	Restructuring the China business strategy	<ul style="list-style-type: none"> <li>• <b>New initiatives not bound by existing businesses</b> Building new partnerships aiming to secure new customers Expanding use of local manufacturers to lower costs and reduce procurement risks</li> </ul>
	Strategic growth in new businesses in Europe	<ul style="list-style-type: none"> <li>• <b>Further business expansion with European automakers</b> Sales development with Poland as a key station New establishment of a trim cover production company with a view to expanding adoption of components</li> </ul>
Functional strategies	Supply chain restructuring	<ul style="list-style-type: none"> <li>• <b>Toward a sustainable supply chain</b> Balancing stability and profitability through risk visualization and efforts to promote local procurement Working with business partners to reduce supply chain CO<sub>2</sub> emissions volume (Scope 3)</li> </ul>
	Enhancing efforts to develop environmental technologies	<ul style="list-style-type: none"> <li>• <b>Evolution of environmental technologies for early commercial use</b> Establishment of technologies for product applications for biomass materials and eco-friendly steel materials Resource recycling accomplished by selecting materials and designing structures with recycling in mind</li> </ul>
	Building high efficiency production structures	<ul style="list-style-type: none"> <li>• <b>Building a production structure capable of outperforming competitors</b> Continuous evolution of production lines through introduction of digital transformation and AI, and automation Improvement of production management efficiency through system reviews, etc.</li> </ul>
Foundation	Human resources strategies/Financial strategies <a href="#">▶ pp. 18–21</a> /Earning a reputation as a quality leader/Promoting and firmly establishing sustainability	

Financial targets	14 <sup>th</sup> Medium-Term Management Plan results	15 <sup>th</sup> 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 <sup>th</sup> Medium-Term Management Plan
Acquisition of treasury stock	Flexible share buyback during the term of the 15 <sup>th</sup> Medium-Term Management Plan amounting to cumulative total of 20 billion yen and appropriate retirement of treasury stock

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

## 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.

**Snapshot of products for next-generation vehicles**

<ul style="list-style-type: none"> <li>• Sound and vibration HMI seat</li> <li>• Door HMI stealth switch</li> <li>• Long slide rail</li> <li>• Thin rotating mechanism components</li> <li>• Health Care Seat</li> <li>• Biosensing</li> </ul>	<ul style="list-style-type: none"> <li>• Energy-saving products for EVs</li> <li>• Heated seat with rapid warm-up blower</li> <li>• Affordable air conditioning seat</li> </ul>
<ul style="list-style-type: none"> <li>• Environmentally responsible products</li> <li>• Sustainable seat, etc.</li> </ul>	

Proprietary technologies × Active co-creation with companies in other industries  
**Creation of attractive cabin products and technologies**

## 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

