

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 will always strive to be a reassuring presence for all our stakeholders and a company sincerely appreciated by all.

Management policy		Realizing ESG management
Priority strategies	Initiatives and progress	
Growth strategies	1 Securing cabin coordination capacity	<ul style="list-style-type: none">• Creating attractive cabin products and technologies Next-Generation Automotive Cabin Exhibition 2024 Active co-creation with companies from other sectors Enhancing systems and software development capabilities Development of electronic control device components such as seat-integrated ECUs Training of advanced engineers▶ Secured multiple commercial rights for advance development, laying a foothold for obtaining commercial rights for new vehicle models
	2 Further growth in new businesses	<ul style="list-style-type: none">• 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▶ Established joint venture with the Krishna Group to acquire additional commercial rights from Maruti Suzuki
	3 A higher share of major customers' products	<ul style="list-style-type: none">• Working to further expand our share and boost corporate value Steadily receiving orders for next-generation shared frames Strengthening competitiveness by internalizing ECUs, transducers, and other key technologies▶ Anticipating achievement of a 70% share, considering changes in the market environment
Regional strategies	4 V-shaped recovery in North America	<ul style="list-style-type: none">• 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 Reducing costs by consolidating indirect business management to improve operational efficiency▶ Achieving profit improvement targets through loss reduction and efficiency gains across all areas
	5 Restructuring the China business strategy	<ul style="list-style-type: none">• 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▶ Steadily launching mass production of new business commercial rights while maintaining high profitability
	6 Strategic growth in new businesses in Europe	<ul style="list-style-type: none">• Further business expansion with European automakers Sales development with Poland as a key station Securing parts orders in preparation for increased production volume▶ Actively conducting broad-based sales activities while pursuing new business opportunities to improve profitability in Poland
Functional strategies	7 Supply chain restructuring	<ul style="list-style-type: none">• 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)▶ Optimizing parts procurement in Japan and overall procurement operations in the United States
	8 Enhancing efforts to develop environmental technologies	<ul style="list-style-type: none">• 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▶ Proposing solutions to customers in preparation for mass production, and advancing development toward further evolution
	9 Building high efficiency production structures	<ul style="list-style-type: none">• 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.▶ Globally deploying production technologies and cost-reduction initiatives
Foundation	Human resources strategies/Financial strategies ▶ pp. 30–33 /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%

Progress on financial goals

The consolidated earnings forecast for fiscal 2026, the final year of our 15th Medium-Term Management Plan, is expected to fall short of the targets: revenue of 430 billion yen, operating income of 16.5 billion yen, and an operating margin of 3.8%.

This shortfall is primarily due to significant changes in the automotive industry environment since the targets were set. These include sluggish sales by Japanese automakers in China, revised production plans for new models such as EVs, and persistently high material and labor costs in the Americas. As a result, profitability improvements remain at an early stage.

Given these developments, we recognize the considerable challenges in achieving our financial goals for 2030. Nevertheless, we remain committed to reassessing our strategies and financial targets proactively, while staying attuned to changes in the business environment.

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 approximately 20 billion yen and appropriate retirement of treasury stock

Materiality KPIs ▶ pp. 48–49		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%
	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	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%	35.0%
	Corporate Governance Code compliance rate	100%	100%	100%

Pursuing further growth in new businesses

To expand its business in the growing Indian automotive market, the TS TECH Group has established a joint venture with the Krishna Group, the main supplier of automobile seats for Maruti Suzuki. The new company, KRISHNA TS TECH AUTO PRIVATE LIMITED, will focus on the development and production of automotive interior components.

By combining the technologies and extensive know-how of both companies, we aim to establish a product development system that delivers greater added value. Through this, we will actively pursue new orders from Indian automakers and secure new commercial rights from existing customers.



Office opening ceremony

Restructuring the supply chain

To further enhance cost competitiveness, the Group is restructuring its supply chains both domestically and internationally. In Japan, we have improved operational efficiency by consolidating three parts-production subsidiaries into a single entity.

In the Americas, we are establishing an optimal supply chain based on regional trends. As part of this effort, we have shifted production of certain seat frame parts from Mexico to the United States to strengthen cost competitiveness.

