

TSUBAKI REPORT
2025
Integrated Report



The Story of the Enhancement of Tsubaki's Corporate Value

Steadily Executing Strategies to Accomplish Our Long-Term Vision 2030

Since the Tsubaki Group was first founded in 1917, we have expanded our business domain from Chains to Materials Handling Systems, Mobility, and Motion Control and have actively worked to expand overseas.

We have thoroughly honed our quality and performance to set ourselves apart from our competition. Today, we have grown into a *Monozukuri* (manufacturing) company that supports the world's motion by providing two world-leading products—industrial steel chains and timing chain systems for automobile engines—and multiple niche-leading products such as tilt tray sorters, cam clutches, and Power-Lock (a locking device).

In 2021, we established the Tsubaki Group's Long-Term Vision 2030, under which we aim to be a corporate group that contributes to solving the following three social issues: creating a people-friendly society, building a safe and secure infrastructure for living, and creating an Earth-friendly society. In addition to innovation to achieve further growth of our existing businesses, we are actively working to create next-generation businesses.

We are expanding our investment in our human and manufacturing foundations while rolling out flexible capital strategies such as acquiring treasury stock and reducing cross-shareholdings.

The Tsubaki Group will continue taking on new challenges. We will strategically utilize M&A to accelerate investment in new business domains. By speeding up our creation of innovation, we will continue evolving into a company that is needed by all of our stakeholders.

Become a company with social value that leads the next generation of motion

Creating a people-friendly society



Building safe and secure infrastructure for living



Creating an Earth-friendly society



Solve social issues and achieve sustainable growth

Expand investment in innovative growth and new fields

(creation of new businesses; M&A and alliances)

Improve capital efficiency

(reducing cross-shareholdings, acquisition of treasury stock)

Strengthen foundations

(concentrated investment in human resources, the environment, and technology)

Expand businesses

(business domains X globalization X development of new businesses)

Thoroughly distinguish ourselves through quality and technology



Becoming a company that contributes

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to society with motion technology

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Editorial Policy

The TSUBAKI REPORT aims to present the Tsubaki Group's initiatives for sustainable growth and its medium- to long-term value creation processes in an easy-to-understand format for our stakeholders by comprehensively compiling financial and non-financial information (corporate philosophy, business overview, management strategies, technological capabilities, corporate governance, environmental and social contributions, and other areas). In addition, as more detailed information and figures can be viewed on the Tsubaki Group's website, please refer to it in conjunction with this report.
<https://tsubakimoto.com>

Forward-Looking Statements

Although this report includes information based on estimates and forecasts made by the Tsubaki Group, it does not represent a promise that the Group will attain these estimates and forecasts. In addition, the accuracy of data from external sources, including statistics, is not guaranteed. As a general rule, figures less than one unit have been rounded down to the nearest whole number. Also, unless otherwise specifically stated, all numerical values relating to Company performance and its financial position have been calculated on a consolidated basis.

Data Regarding Environmental and Social Initiatives

This report was prepared with reference to the Ministry of the Environment's Environmental Reporting Guidelines 2018 and Environmental Accounting Guidelines 2005, and the Global Reporting Initiative (GRI)'s Sustainability Reporting Standards.

Reporting Period: April 1, 2024 to March 31, 2025 (includes some activities after the reporting period)

Scope of Data Collection: Tsubakimoto Chain Co. (Kyotanabe Plant, Saitama Plant, Nagaokakyo Plant, Hyogo Plant, Okayama Plant) and major Group companies in Japan and overseas (Tsubakimoto Custom Chain Co., Tsubakimoto Sprocket Co., Tsubakimoto Bulk Systems Corp., Tsubakimoto Mayfran Inc., Tsubakimoto Iron Casting Co., Tsubaki Yamakyu Chain Co., U.S. Tsubaki Holdings, Inc., Tsubakimoto Europe B.V., etc.)

Message from the CEO



Ongoing Change Drives the Future

Becoming a company that is filled with vitality and renowned in society

We Cannot Grow Without Transforming Ourselves

From the time Tsubaki was first established in 1917, contributing to the development of society has been first and foremost in our minds. It is with this in mind that we expanded from our original Chain Operations

to a broader business domain that includes Materials Handling Operations, Mobility Operations, and Motion Control Operations. This, along with active expansion overseas, has seen us grow into a comprehensive manufacturer that supports motion.

With that said, the expansion into these four business domains was a major transformation that

took place over the 50 years since Tsubaki was established. Since the 1960s, while we have continued to grow our sales through product development and globalization, there have been no dynamic ventures into new businesses or expansion of our business domain like those that took place in Tsubaki's first 50 years in business. I am gripped by a grim realization that if we do not reawaken the frontier spirit in the Tsubaki DNA and transform ourselves while our business results are strong, we will get left behind as times continue to change.

We must heed this warning, not only by providing solutions within our existing domains of Power Transmission and Materials Handling but by drawing on the Tsubaki DNA—placing importance on people, working together and improving each other, and blazing our own trail—to actively and autonomously create business domains where we can make greater contributions to people, society, and the global environment. That is the core of Tsubaki's Long-Term Vision 2030.

Our aim is to realize growth through innovation in our existing businesses (innovative growth) and growth through endeavors to create new businesses (new fields) and, in doing so, provide innovative solutions to social issues and make our presence felt more strongly in society. We aim to be a corporate group where our employees work strongly to fulfill this mission. Long-Term Vision 2030, and Mid-Term Management Plan 2025, which is currently in action, are road maps to achieve these aims.

Remaining Challenges and Principles of the Next Mid-Term Management Plan

Fiscal 2024 saw various improvements in our results, including record net sales and operating income, but various challenges still remain.

One is the growing variance in progress on strategies and business results in our four existing businesses. In particular, Motion Control Operations and Materials Handling Operations have been slow to shift to value-added product development and business models. In order to realize growth through

innovation in our existing business domain (innovative growth) more quickly, I want to carry out a thorough analysis to determine what kind of structural reforms and reorganization of our businesses are needed and reflect the results in drastic changes in our next Mid-Term Management Plan.

The second is active investment in new businesses.

During the last two years of Mid-Term Management Plan 2025, we have begun full-scale investment in the agriculture business. There is a limit to how many true solutions we can provide in the agricultural field by simply proposing automated technology according to customers' needs. With this in mind, we built our Fukui Mihamra Plant, where we grow our own lettuce and develop automated devices and cultivation methods. We have also supplemented our cultivation technologies and sales networks through M&A and strengthened our agriculture business by establishing a framework to assess market needs.

With that said, it has taken us longer than expected to accomplish this. Going forward, we will work to facilitate faster investment in new businesses. It will also be important to clearly explain our cash flow forecasts and investment plans to our stakeholders to earn more trust and support.

While accelerating investment and profit generation in new businesses, we will set benchmarks for withdrawal from businesses and carry out growth strategies with a view to recouping the capital we have invested.

In order to realize Long-Term Vision 2030, the Tsubaki DNA needs to evolve. I fully understand that our departments, and the employees in them, are proud of what they have accomplished so far. So I think it will take a lot of energy to shift the employees' mindset toward taking on new challenges and contributing to solutions to social issues. We need to encourage each employee to carry on the spirit of innovating and taking on challenges that we inherited from our predecessors and take ownership of their work instead of relying on others. The Company will work to further increase initiatives like this.

I want to make the Tsubaki Group a corporate group with more vitality and higher aspirations than before. I hope that our stakeholders will continue to support and encourage us in future.

Tsubaki's Starting Point

The Driving Force of Our Value Creation



Don't be a follower.
Blaze your own trail.

Setsuzo Tsubakimoto, Founder

Tsubakimoto Chain was founded in Osaka in 1917. Since that time, the Company has been dedicated to creating products that contribute to people's lives and social development, from machine parts to materials handling systems.

Our history of more than 100 years is the result of Setsuzo Tsubakimoto's frontier spirit of "Value-discerning open-mindedness and cooperation" and "Don't be a follower. Blaze your own trail," and the Company's sincere efforts to accurately respond to the changing needs of the times, to provide technological innovations and solutions as a manufacturing company.

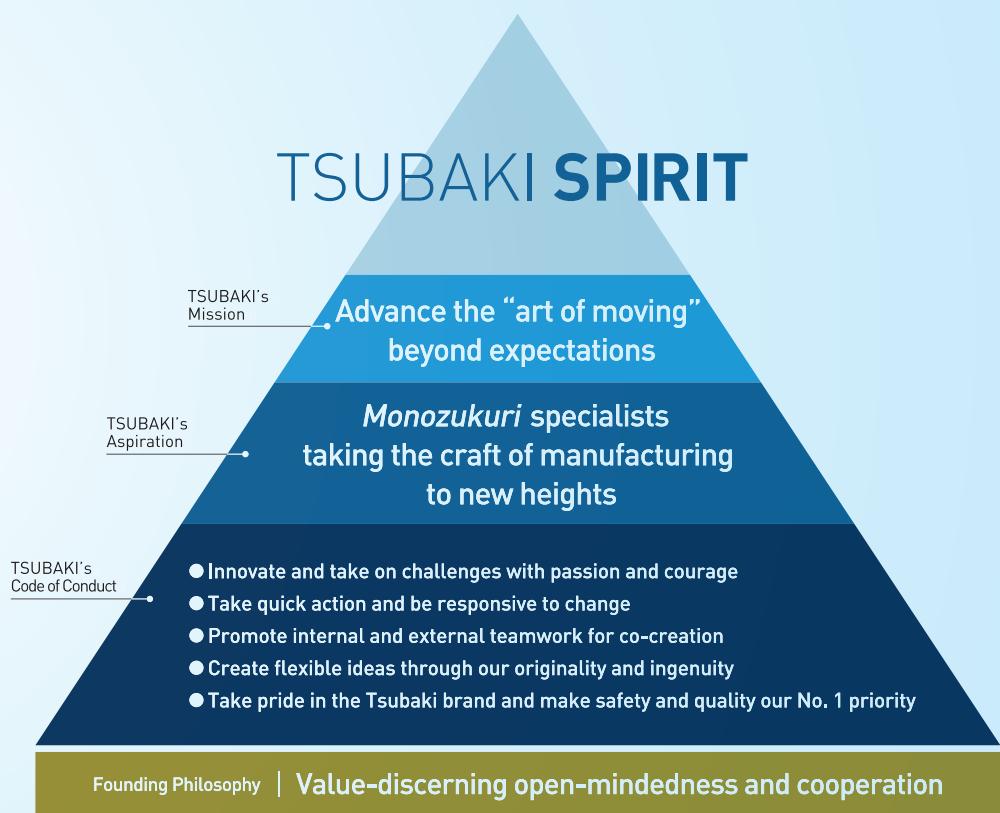
As we embark on the next 100 years, we will continue to transform and challenge ourselves as a *Monozukuri* (manufacturing) company that is essential for society by furthering the evolution of the "art of moving."



Our founder, Setsuzo Tsubakimoto, who pivoted the business to chains for machinery just 10 years after founding it as a manufacturer of bicycle chains. That frontier spirit has lived on as the Tsubaki DNA. This is our starting point as we advance the “art of moving” beyond expectations.

Corporate Philosophy: TSUBAKI SPIRIT

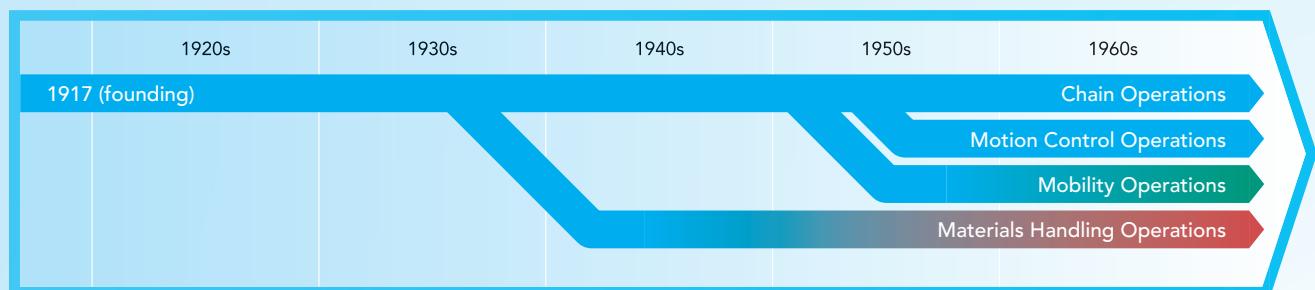
Established on the 100th anniversary of our founding, TSUBAKI SPIRIT is a representation and systematization of the “Tsubaki DNA” inherited from our forebears, and an expression of what the Tsubaki Group can offer to the world as well as the foundation for our values and what we must do going forward as part of our mission, aspiration, code of conduct, and founding philosophy.



Tsubaki's Evolution

Tackling Next-Generation Businesses Through Diversification and Globalization

Expansion of Business Domain (From Machine Parts to Systems)



Further Innovative Growth of Existing Businesses

Chain Operations

We have a range of around 20,000 types of chains including chains for Power Transmission, chains for conveyor equipment, and plastic chains. In addition to developing the quality and anti-wear performance, we have continuously been a global leader in technological innovation, including developing the world's smallest high-performance chain with a chain pitch of 1.905mm.



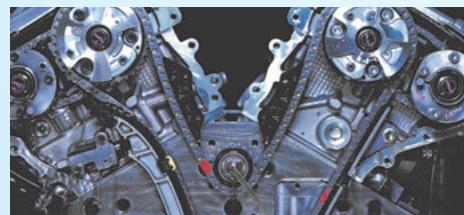
Motion Control Operations

We have an extensive range of products including gear reducers, linear motion devices, clutches, and control devices. We are utilizing our motion and sensing technologies to accelerate the development of composite unit products to realize new motion for the next generation.



Mobility Operations

We have the world's number one share in timing chain systems, and our global products are improving the performance and eco-friendliness of automobile engines. We are also accelerating the development of products in next-generation mobility fields, such as onboard clutches for vehicles such as electric automobiles.



Materials Handling Operations

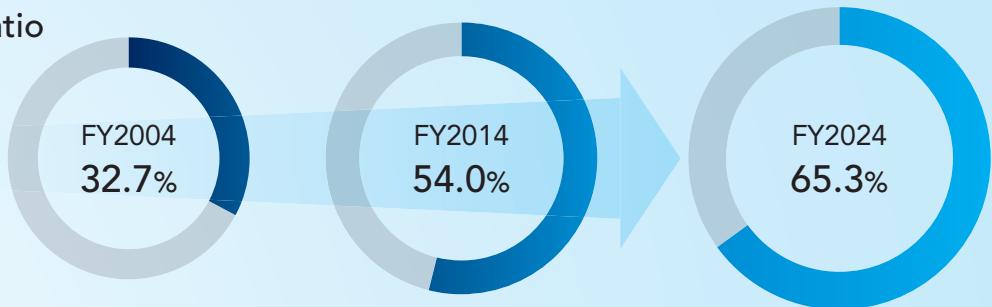
Our products enable accurate, smooth control of the flow of items and information, including transportation, sorting, and storage. In addition to expanding our maintenance business, we are working on a system integration business using telecommunications and AI.



In addition to expanding our business domain in the field of motion, we have actively developed our overseas businesses. Under our Long-Term Vision 2030 and Mid-Term Management Plan 2025, we are working to create next-generation businesses that will achieve innovative growth of existing businesses and solve social issues.

Expansion of Geographical Business Domain (Become Global Company)

Overseas sales ratio



Working to Create New Businesses from a Medium- to Long-Term Perspective

Next-generation businesses that enable sustainable growth

New challenges

	Human Assist Enter automation and support equipment businesses for general consumers
	Maintenance Strengthen maintenance service structure for systems (things that move) to contribute to stable operation of customer facilities
	Agriculture Business Expand agriculture business
	Life Science Participate in the field of regenerative medicine
	Energy Infrastructure Expand into carbon-neutral-related markets
	Mobility Transform from internal combustion engine parts to mobility parts

Tsubaki's Distinction

Competitive Advantages and Market Position

Tsubaki's Four Competitive Advantages (Strengths)



Global responsiveness

We have built a network of 87 companies in 26 countries and regions. This enables us to provide advanced solutions and products and services with a high level of added value just when they are needed.



Manufacturing capabilities

We have the manufacturing capabilities to create high-quality, secure, and safe products. We are improving production and promoting DX to advance our manufacturing and improve productivity.



Product development capabilities

We are developing products with a high degree of added value to meet customers' wide-ranging needs, from energy, labor, and space saving to realizing a clean environment.



Solution proposal capabilities

We combine our wide range of products, from parts to systems, with the latest technologies to distinguish ourselves by proposing customer-oriented solutions.

Three technologies that demonstrate our competitive edge

Mechanical Design Technologies

Design technologies for machinery and mechanisms that require a high degree of reliability, such as wrapping transmissions and parts for automobiles.

High Functionality Technologies

Materials technologies that provide high functionality and high reliability, such as those used in chain and mobility products.

Electrification Technologies

Control technologies for drive components such as motors and systematized applications.

Strong financial foundation enabling continuous investment

Under a strong financial foundation with an equity ratio of 69.9% and net-zero debt, we are working to expand our global bases, improve productivity, and continuously invest in research and development.

A strong business foundation is essential for creating innovation. With this in mind, Tsubaki has established four competitive advantages, built on our technological foundations and strong financial. We create world-leading products and unique niche-leading products.

World-leading Products



Industrial steel chains

As a result of our tireless technical development, properties such as transmission capability and wear life demonstrate technical capabilities and brand power that no competitor can surpass. Under our global supply system, we are increasing our share, particularly in the Japanese, North American, European, and Australian markets.

Strengthening the performance of our roller chains and gaining the number 1 global share

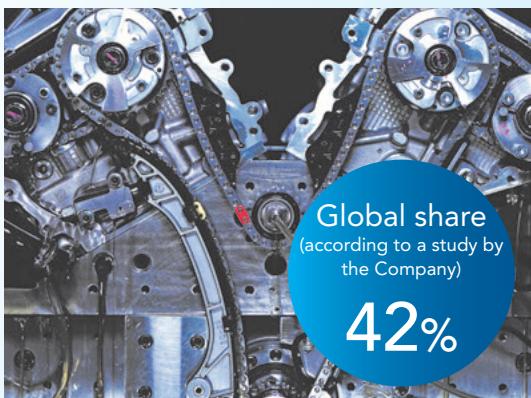
1976 Achieved top performance in the world

1985 Extended wear life by 1.2x

2006 Developed LD solid bush, improved transmission capability by 1.3x, extended wear life by 2.0x

2016 Extended wear life by 1.2x, developed rust-proof lubricant

2024 Developed world's smallest chain



Timing chain systems for automobile engines

Timing chain systems comprising a chain, tensioner, guide/lever and sprocket. Through our system development and engineering capabilities, we are contributing to improvements in environmental performance such as smaller size, weight, and lower noise for engines.

Advancing toward global market leadership

1955 Began mass production of timing chains

1980 Began production of belts in response to transition to belts

1987 Developed small, lightweight timing chain (reevaluation of long-life timing chains)

1989 Began production in the USA (our production framework now consists of 11 plants in 7 countries)

2012 Achieved world's number one share (33%)

Niche-leading Products (top products in specific markets/areas)

Cam clutches

One-way clutches that transmit and shut off rotation between two transmission axes (mechanical element)



Tilt tray sorters

Wide range of sorting systems that contribute to improving efficiency and saving labor in logistics



Electric cylinders*

Power cylinders that use much less electricity than hydraulic and pneumatic cylinders, contributing to reduction of environmental impact

*Thrust 1t and above



Bulk handling systems

Bulk handling systems enable free horizontal, vertical, and diagonal transportation of particulate substances such as cement, food, and biomass



Tsubaki's Results

Financial and Non-Financial Highlights

Net Sales / Ratio of Overseas Sales



The economic expansion, weak yen, and increase in market share for our leading global products saw an increase in our overseas sales ratio, resulting in record net sales.

Equity Ratio / ROE



Our equity ratio increased due to factors such as a decrease in interest-bearing debt. ROE increased from fiscal 2023 due to factors such as reduction of cross-shareholdings and acquisition of treasury stock.

Cash Flows



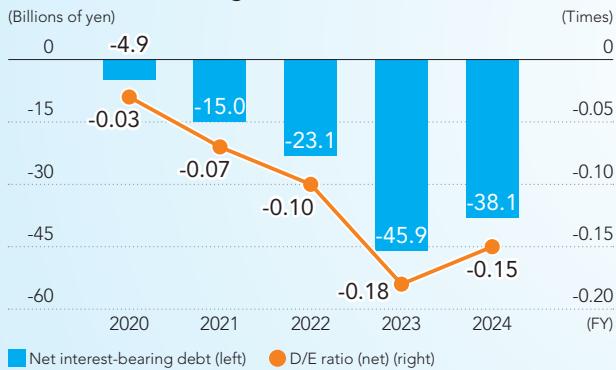
102.2 billion yen in operating cash flow was generated during the four-year period until fiscal 2024. Steady creation of free cash flow is continuing.

Operating Income / Operating Income Ratio



Operating income continued to increase, reaching a record level. However, the operating income ratio has leveled off as a result of an increase in labor costs (increases in base wages to improve employee engagement, etc.).

Net Interest-Bearing Debt / D/E Ratio (Net)



Our state of net-zero debt continued. Through active shareholder returns and acceleration of investment in new businesses, we decreased cash and cash equivalents at the end of the year in fiscal 2024.

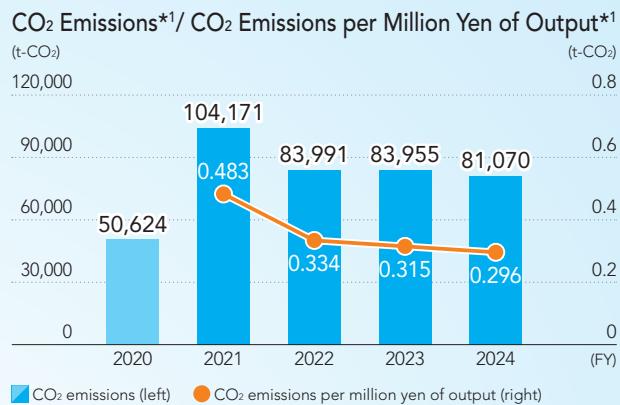
Dividends per Share / Payout Ratio / Acquisition of Treasury Stock



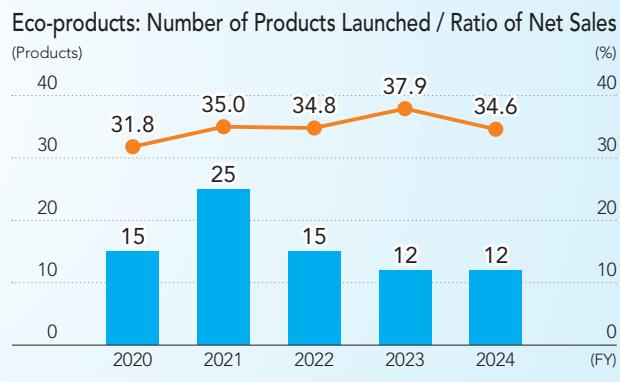
From fiscal 2024, we increased our payout ratio from a benchmark of 30% to 35% or more. We have been flexibly acquiring treasury stock since fiscal 2023.

* Effective October 1, 2024, the Company split its common shares at a ratio of 1 to 3. The total dividend for fiscal 2024 was calculated without factoring in the impact of the stock split. Factoring in the impact of the stock split, the interim, year-end, and total dividends were 99 yen, 47 yen, and 146 yen respectively.

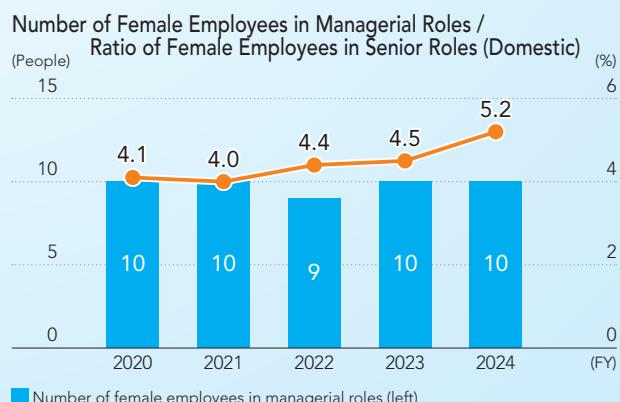
Tsubaki will accelerate development of Sustainable Products and drive innovation through measures such as promoting diversity and realizing comfortable working environments, with the aim of being a company with a high level of social and economic value.



Despite production increasing both in Japan and overseas, CO₂ emissions per million yen of output decreased by a greater margin than the previous fiscal year due to active adoption of renewable energy, etc., and the horizontal expansion of various energy-saving activities.



12 Eco-products were launched, the same number as the previous fiscal year, but the ratio of Eco-products to net sales decreased slightly due to the increase in net sales.

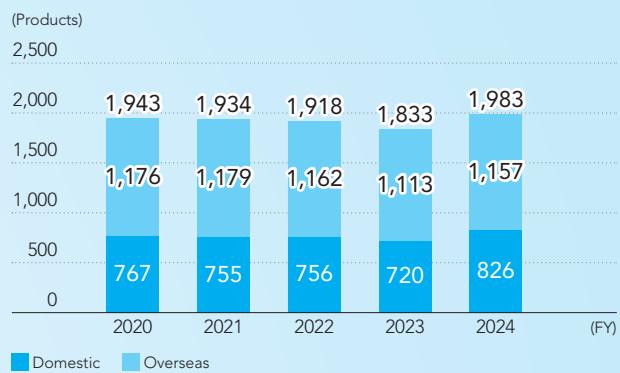


Active hiring activities were conducted to further increase the denominator, the ratio of female employees (10.0% as of April 1, 2025). Promotion opportunities were created for all excellent employees, regardless of gender or age.

*1 In accordance with the acquisition of SBT certification, as of fiscal 2021, the scope of calculation has been changed to calculation on a consolidated basis (figures for fiscal 2020 are for the Group's 11 major manufacturing bases in Japan.)

*2 Frequency of industrial accidents = Number of accidents leading to work stoppages ÷ Total number of hours worked × 1,000,000

Number of Patents Held



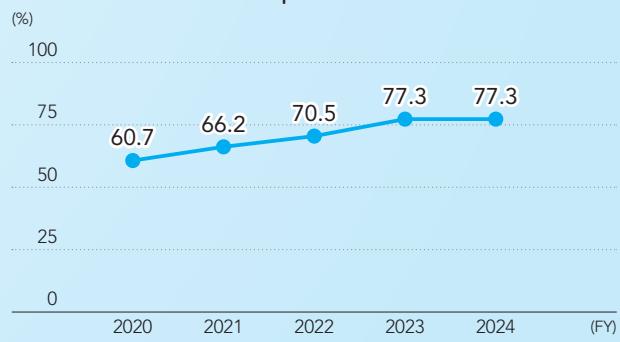
We continued activities to establish IP awareness: (1) Continued study sessions, (2) Published various guidelines and raised awareness through training.

Industrial Accident Status (Domestic)



In fiscal 2024, based on the three pillars of preventing serious accidents, machinery safety, and developing safety-oriented personnel, we carried out activities to prevent serious accidents and assess and take countermeasures against potential risks.

Ratio of Paid Leave Acquisition



As part of our work style reforms, we are offering more efficient and flexible work styles through various measures including flexible working hours, a discretionary labor system, and a work-at-home system. Additionally, labor and management are continuing to collaborate to reduce excessively long work hours and promote the utilization of paid vacation time.

Interview with the COO



Takatoshi Kimura

President and COO,
Representative Director

A New Stage Where We Get Results

Pushing steadily forward to transform our business

Q1

You were appointed as COO in 2022, the year after Long-Term Vision 2030 and its action plan, Mid-Term Management Plan 2025, were announced, and have led transformation since then. What is the most pressing issue you have addressed?

Possibilities sprout from good soil

We cannot expect to realize sustainable growth simply

by growing our existing businesses; it is a matter of what kind of technological innovation will be needed by the

next generation of the field of motion. Long-Term Vision 2030 reflects the aim to promote innovation and achieve growth from that medium- to long-term perspective, and Mid-Term Management Plan 2025 is the first stage of the action plan created by backcasting from that goal.

When I was first appointed as President, the core principles of Long-Term Vision 2030 and the mindset behind them had not taken root in the Company. While it is obviously important to focus on sales targets and operating income ratio targets, true innovation cannot come from conventional ideas and activities that are geared only toward achieving these numerical targets.

Therefore, the first thing I did was share our vision for the Company with our employees: to contribute to solving social issues by creating a people-friendly society, building a safe and secure infrastructure for living, and creating an Earth-friendly society, and to be a company that is valued by all of our stakeholders. I spoke directly with site leaders and young employees on many occasions about the intent behind

Long-Term Vision 2030.

At the same time, I worked on fostering a culture conducive to coming up with new business ideas. One measure was the commencement of T-Startup, a new business proposal contest to seek business ideas internally. We receive several dozen proposals every year.

We have also revised the criteria of our employee evaluations to foster a culture where failure is allowed when taking on challenges.

Additionally, Strategy Meetings between three internal directors are held to discuss and decide on matters such as Group-wide business strategies and management policies. In recent years, executive officers in charge of businesses have joined the members as observers and I have urged them to think beyond the business they oversee and carry out their work from the perspective of what is best for the Group as a whole. Our executive officers are indeed speaking from a Group-wide perspective more often now, and discussions are currently underway to incorporate their feedback into the next Mid-Term Management Plan.

Q2

We're now in the last of the five fiscal years of Mid-Term Management Plan 2025. While the Company came close to meeting its targets for reduction of CO₂ emissions, shareholder returns, and capital efficiency (ROE), achieving the targets for net sales and operating income ratio remains a challenge. What are your views on this?

While results were varied, there were also signs of progress in innovative growth and new fields

As you said, progress has varied significantly from one business to another. Solid progress is being made on sustainability initiatives such as endeavors to become carbon neutral as a result of the rebuilding of our management systems and rigorous PDCA cycles. For shareholder returns, we raised the benchmark for our consolidated dividend payout ratio from 30% to 35% or more in May 2024, and are actively allocating profits to this end. We expect to meet our ROE target of 8% or more as a result of capital efficiency-focused capital strategies that we have carried out since fiscal 2023, such as reducing cross-shareholdings and acquiring treasury stock.

On the other hand, we do not expect to meet our targets for net sales and operating income ratio. The main reasons are because it has taken time to fulfill Mid-Term Management Plan 2025's fundamental policy of creating next-generation businesses and because our initiatives to strengthen profitability in existing businesses did not progress as expected, particularly in Motion Control Operations and Materials Handling Operations.

However, as I explained at the beginning, we have decided to transform ourselves into a company that creates innovation, and are currently working on that transformation. It is important to rigorously verify this process to ensure that we get results. From our verifications of this process, I can see the first signs of transformation. I will provide some examples.

Major financial KPIs in Mid-Term Management Plan 2025 and forecast for FY2025

Figures announced on May 14, 2025

	FY2020 Results	Main Financial KPIs in Mid-Term Management Plan 2025	Forecast for FY2025
Net sales	¥193.3 billion	¥300-320 billion	¥290.0 billion
Chain Operations	¥61.3 billion	¥80-85 billion	¥98.5 billion
Motion Control Operations	¥19.6 billion	¥32-35 billion	¥24.5 billion
Mobility Operations	¥57.7 billion	¥95-100 billion	¥92.0 billion
Materials Handling Operations	¥53.6 billion	¥90-95 billion	¥75.0 billion
Operating income ratio	4.6%	9.0-11.0%	7.4%
Chain Operations	12.8%	15% or more	15.2%
Motion Control Operations	4.1%	12% or more	4.1%
Mobility Operations	6.4%	11% or more	8.6%
Materials Handling Operations	-4.1%	6% or more	3.2%
ROE	4.8%	8% or more	Expected to meet target
Dividend payout ratio	31.9%	(FY2021-2023) 30% benchmark (FY2024-2025) 35% or more	39.2%

Sign of transformation ①

Full-scale investment in the creation of next-generation businesses

Full-scale expansion of our agriculture business has taken place since fiscal 2024. This endeavor began with the idea to automate cultivation, but we learned that that will not be enough to create the innovation that society needs and it is important to have an in-depth understanding of what kinds of issues exist on the ground in cultivation and produce sales. To accomplish this, we judged that we would need to try operating a farm of our own, instead of just selling automated devices, and identify issues. This led to the construction of a cutting-edge vegetable factory in Mihamata Town, Mikata District, Fukui Prefecture. Operations commenced at the plant in August 2025.

Additionally, in fiscal 2024, we established Tsubaki VegyMove Co. as a subsidiary to cultivate and sell leafy vegetables and acquired the agriculture business of Kidaya Shoten Co., Ltd., which has know-how about cultivation and sales in the agriculture business, through Tsubaki VegyMove. We are expanding our sales of lettuces for commercial use and retail stores.

Sign of transformation ②

Business structure

After extensive effort to improve its product mix, Motion Control Operations is finally showing changes that could lead to innovative growth, particularly in product development. One example is the Arc Chain Actuator. In recent years, the trucking industry has increasingly used wing body trucks as they enable cargo to be loaded and unloaded more easily, but conventional hydraulic equipment for opening and closing the cargo compartment poses risks such as oil leaks. To solve this issue, Tsubaki developed an electric wing opening and closing unit that is set to be used by major vehicle accessory manufacturers. Motion Control Operations is using combinable unit products like these to actively drive its solutions business and accelerate initiatives to improve profitability.

Changes are also taking place in Materials Handling Operations. In fiscal 2024, they received an order for, and launched, a next-generation logistics system with an added service for analyzing logistical data. They have also begun selling AI-based systems for recognition of product images. In addition to expanding these value-added products, they are working to expand their after-sales service business, which provides high-quality after-sales services to users who do not have sufficient maintenance personnel.

Mobility Operations developed a high-performance clutch for electric vehicles, and they have received their first order from a major automobile manufacturer overseas.

Chain Operations purchased German conveyor chain manufacturer EUROCATENA GmbH* in December 2024 and began local production of made-to-order conveyor chains, strengthening our competitiveness in Europe. In May 2025, a business

merger with DAIDO KOGYO Co., Ltd.*, a strong performer in the area of motorcycle chains, was agreed upon. The beginning of full-scale initiatives to achieve innovative growth and entry into new fields through M&A and alliances like these is another major change that has taken place recently.

* EUROCATENA GmbH changed its name to Tsubaki Jungbluth GmbH on August 1, 2025. Refer to Topics: Accelerating Growth Through M&A on P18-19 for details on the purchase of this company and the business merger with DAIDO KOGYO Co., Ltd.

Q3

While we have seen changes that will improve our frameworks, the PBR remains below 1. What challenges do you think remain with regard to this? What are your thoughts on those challenges as you establish the next Mid-Term Management Plan?

The keywords are acceleration of business transformation and growth investments, and improvement of capital efficiency

Four years have passed since the start of Mid-Term Management Plan 2025, which began in fiscal 2021, and it is clear that there are still issues to overcome.

One is speeding up innovative growth of our existing businesses. In Motion Control Operations, there is an urgent need to transition from a business structure selling stand-alone parts to a solutions-based model with added sensing and control functions as soon as possible. In Materials Handling Operations, it is essential to promote system integration combining a variety of cutting-edge technological products without being tied to specific vendors, and develop the after-sales service business as a stable profit source that is resilient to economic changes.

There are issues in Mobility Operations too. As the need for hybrid and plug-in hybrid vehicles increases, our timing chain business, currently a pillar of our profits, will expand, but we will need to become more cost-competitive. We also need to quickly develop our in-vehicle clutch business as our second key product type.

In Chain Operations, there is still room to expand our global share, and there is an urgent need to expand our production capacity and sales channels. We are carrying out thorough analysis internally to

determine what kind of organizational framework will be optimal to drive this kind of transformation of our existing businesses. The next Mid-Term Management Plan will be meticulously established based on the results of this analysis to increase the viability of Long-Term Vision 2030.

It goes without saying that we will need to further improve capital efficiency to improve outside parties' assessments of the Company. In addition to continuing to actively deliver shareholder returns and reduce cross-shareholdings, we will make targeted, efficient investments of capital in new business areas and growth areas to further improve capital efficiency. Promoting dialogue with stakeholders will also be important. In fiscal 2024, we worked to increase face-to-face meetings between management and investors and individual meetings by our IR representatives. We will endeavor to strengthen dialogue and engagement with the investment market to earn greater trust from investors.

As I have explained thus far, Tsubaki will further accelerate its business transformation. In addition to actively making growth investments and the foundation investments required for these, I want to fulfill Long-Term Vision 2030 and make Tsubaki a company that can contribute to solving social issues and create added value in a way that can be proven by business metrics. I hope that you will support and encourage us in these endeavors.

Topics: Accelerating Growth Through M&A

In addition to ongoing efforts to strengthen the profitability of our existing businesses, the Tsubaki Group aims to be a corporate group that creates innovation that will unlock the next generation of motion and, in doing so, contribute to solving social issues.

Here, we will share the background and aims of some of the M&A activities we have carried out since fiscal 2024 to accelerate our growth.

Topic 1 / Full-scale Launch of Our Agriculture Business

The agricultural field is facing various problems, such as poor growth of crops due to global warming, and worker shortages. To solve these social issues, the Tsubaki Group has been utilizing the automated technology we have developed thus far in a vegetable factory to provide facilities that contribute to efficient production of safe, reliable, and high-quality leafy vegetables.

However, we are faced with the question of what kind of price range and what kind of added value will make consumers willing to accept factory-grown leafy vegetables. We realized that we needed to know what consumers' needs are and what kind of issues vegetable factories are facing, and reached the conclusion that being involved in the entire process from assessing market needs to cultivating and selling the vegetables would enable sustainable operation of vegetable factories and bring about solutions to social issues.

With this in mind, in August 2024, we acquired the agriculture business of Kidaya Shoten Co., Ltd., which has industry-leading know-how about cultivation and sales in the agriculture business, through the establishment of Tsubaki VegyMove Co. In addition to cultivating and selling vegetables, Tsubaki VegyMove has a consulting business that establishes agricultural business plans and

provides know-how on factory operations.

In August 2025, we began operating a next-generation vegetable factory in Mihama Town, Mikata District, Fukui Prefecture that combines automated facilities and cultivation technology. This is our first new factory since the completion of our Kyotanabe Plant in 2001.

Our Fukui Mihama Plant does not simply produce leafy vegetables; it is a hub for research and development for our agriculture business. We plan to accurately ascertain cultivation know-how, issues faced by production sites, and market needs to expand into peripheral businesses (new products, more species) with a view to industry 6.0.

We also intend to utilize the know-how, knowledge, and automated technology we develop at our Fukui Mihama Plant in our consulting business to contribute to the development of the agribusiness industry as a whole. Additionally, in June 2025, we signed an agreement with Green Factory TFK Co., Ltd., a subsidiary of Tokyu Land Corporation, to act as a sales contractor for lettuces grown by Green Factory TFK and provide consulting for the operation of Green Factory TFK's factories. This is another endeavor through which we will utilize the strengths of Tsubaki's agriculture business in factory operations.

Our Fukui Mihama Plant



Tsubaki's Fukui Mihama Plant, opened in August 2025



A fully automated cultivation process



Lettuce grown for ready-made meals and restaurants

Topic 2 Purchase of TSUBAKI JUNGBLUTH GmbH and Business Merger with DAIDO KOGYO Co., Ltd.

The Tsubaki Group has built a solid position with the number one global share in the markets for industrial steel chains and timing chain systems for automobile engines. Making Chain Operations and Mobility Operations stronger pillars of our profits than before will enable us to expand these businesses and actively invest in new businesses. To this end, we have carried out two M&A activities since fiscal 2024.

1. Purchase of a German Conveyor Chain Manufacturer (TSUBAKI JUNGBLUTH GmbH)

Chain Operations' main production bases for industrial steel chains are in Japan and North America, and the Company has high market shares in both of these regions. Our business in Europe, however, hinges on exporting various industrial steel chains from Japan. In particular, there has been a long-standing need to transition to local production of large conveyor chains designed and produced according to customers' purposes for using them, in order to provide more competitive turnaround and service.

This was the background for our decision to purchase EUROCATENA GmbH (now Tsubaki Jungbluth GmbH), a German-headquartered company that produces and sells conveyor chains for the European market, in December 2024.

Chain Operations will use this new production base to design and produce value-added products that are better suited to local needs and provide

more competitive turnaround and after-sales services to accelerate our global growth strategy.

2. Business Merger with DAIDO KOGYO Co., Ltd.

In a meeting between the respective Boards of the Company and DAIDO KOGYO Co., Ltd. in May 2025, it was agreed that a business merger would be carried out between the two companies and that a simple share exchange would be carried out to make Tsubaki the parent company and DAIDO KOGYO a wholly owned subsidiary.

It was judged that a merger between the two manufacturers would be highly synergistic as, among other reasons, 1) the two companies have similar management philosophies, cultures, and visions, which will make it easy to implement growth strategies according to a common vision, 2) while both companies handle chains, their specialties differ, 3) their production and sales bases are in different locations, which will make it easy to expand their bases with a view to further globalization, and 4) the two companies' technologies and personnel bases can be used effectively to identify and jointly create new businesses.

We will draw on the two companies' collective strengths to become more competitive in the global market and contribute to the development of the world's industries.

TSUBAKI JUNGBLUTH GmbH



The outside of the plant



The conveyor chain production site



Under the new sign

Review of Progress on the Mid-Term Management Plan

Actively investing the cash we generate in innovative growth and new fields to achieve sustainable growth and improve capital efficiency

Yasuhiro Akesaka

Senior Executive Officer
Finance & Accounting, Corporate Planning



Mid-Term Management Plan 2025: Review of the Last Four Years

In the four years since Mid-Term Management Plan 2025 started in fiscal 2021, net sales and operating income continuously increased, with record net sales and operating income in fiscal 2024. However, our forecast for fiscal 2025 is that the net sales and operating income ratio targets in Mid-Term Management Plan 2025 will not be met. This is mainly because it has taken longer than expected to expand Motion Control Operations and Materials Handling Operations and make them more profitable.

On the other hand, we achieved ROE of 8.5% in fiscal 2024, exceeding the target of 8% or more set for fiscal 2025. In the latter two years of Mid-Term Management Plan 2025 in particular, we have actively worked to deliver shareholder returns, centering on reduction of cross-shareholdings and acquisition and cancellation of treasury stock, which improved ROE.

From fiscal 2023, we expanded our investments in new

fields. Specifically, in addition to M&A in our agriculture business, we established a new artificial light-based vegetable factory in Mihama Town, Mikata District, Fukui Prefecture that combines cultivation technology and automated technology. As a result of expanded investment in new fields and dynamic capital strategies, cash and cash equivalents at the end of the year came close to the target we set with capital efficiency in mind.

Cash at the end of the year has reached our target as a result of shareholder returns, etc.

	(unit: billions of yen)			
	FY2021	FY2022	FY2023	FY2024
■ Cash and cash equivalents (at the end of the year)	52.8	56.9	74.6	63.3
■ Main cash out (based on cash flow statement)				
Acquisition of treasury stock	0	0	4.5	10.0
Dividends paid	3.5	4.8	4.7	6.9

Strategies to Achieve Long-Term Vision 2030

In terms of business portfolio strategies, accelerating structural reform of unprofitable businesses is a pressing issue. We will carry out structural reform with a view to restructuring our organizations to drive further innovative growth.

In terms of finance and capital strategies, meanwhile, we will lower cash and cash equivalents at the end of the year to the equivalent of two months' sales. In fiscal 2024, we increased our dividend payout ratio to 35% or more. In fiscal 2025, we plan to acquire approximately ¥10 billion in treasury stock, following our treasury stock acquisition in fiscal 2024.

While we have continuously actively delivered shareholder returns, capital efficiency is an issue that we must address in order to meet the increasing need for capital with the creation of new businesses such as our agriculture business. We are carrying out strategies to concentrate Group capital in the parent company to the greatest extent possible, such as condensing payment teams within the Group and increasing dividend payments to the parent company. Going forward, we will implement a cash management system on a global basis for more efficient use of capital.

Treating solutions to social issues through our businesses and products as a growth strategy, with a focus on ongoing reduction of CO₂ emissions

Nobuaki Haga

Managing Executive Officer
Sustainability Promotion



Mid-Term Management Plan 2025: Review of the Last Four Years

Under the Basic Policy on Sustainability that we established in fiscal 2020, we have endeavored to strengthen our frameworks for promoting sustainability, including launching a management system in fiscal 2021 and holding meetings of our Sustainability Committee three times a year.

In fiscal 2024, we changed our long-term climate targets to global Group targets according to certified SBT standards. We have been working on four main global initiatives to achieve them: 1) Energy (electricity) conservation activities, 2) decarbonization of our heat treatment processes, 3) active investment in on-site

solar power, and 4) purchasing of zero-carbon electricity. As the CO₂ emissions from heat treatment in our chain production processes account for a large portion of our Scope 1 emissions, we are conscious that achieving 2) will be essential in order to become carbon-neutral, and in April 2024, we launched a project to develop a heat treatment process with zero CO₂ emissions. We have been working together with a heat treatment furnace and gas manufacturer on research and proof-of-concept experiments, and we have begun to see a way forward to decarbonizing some of our heat treatment processes.

Sustainability Issues to be Addressed to Achieve Long-Term Vision 2030

In addition to working on important sustainability issues at hand (material issues), we are working to establish specific measures to achieve Long-Term Vision 2030.

Our initiatives for material issues for fiscal 2025 cover eight key themes: (1) initiatives to become carbon neutral, (2) management of human rights and labor risks, (3) supply chain management, (4) cyber security, (5) strengthening our crisis management framework (BCP), (6) safety, (7) quality, and (8) assessing intellectual property activities at our overseas subsidiaries. We are also reviewing our process for evaluating material issues. We are endeavoring to reflect risks and opportunities to a greater extent in our evaluations, and are also incorporating the situation at, and opinions from, our overseas sites in our discussions. We also plan to review our targets in the next Mid-Term Management Plan to achieve

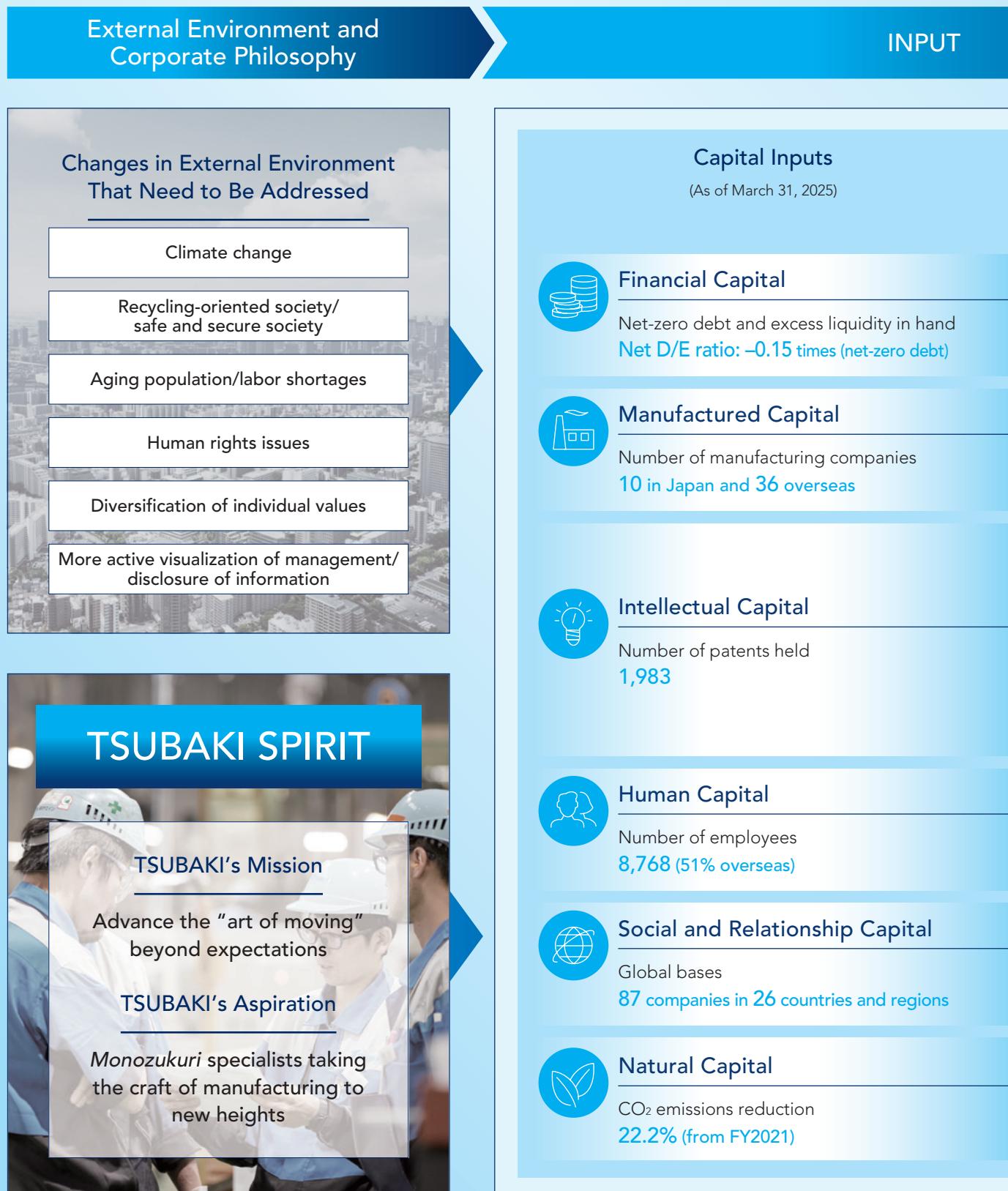
Long-Term Vision 2030.

In terms of our Sustainable Products*, our Sustainable Products Expansion Committee has established a system for managing development information and finished listing new businesses and products that are being developed and documenting how those businesses and products contribute to solving social issues. We are conscious that the social contribution of social products is comparatively difficult to measure, but we are calculating the level of environmental contribution achieved by our Eco-products through life cycle assessment (LCA). Through the development of new products and the establishment of new businesses that contribute to society and the environment, we will enhance both our social and environmental value and the Company's economic value.

* Refer to P25 for details on our Sustainable Products.

Tsubaki's Value Creation Process

The Tsubaki Group will evolve Linked Automation technology that combines its own core technologies in the field of motion with next-generation technologies related to artificial intelligence (AI) and the Internet of Things (IoT). Through these efforts, the Group will accelerate the development of products with higher added value and



the creation of next-generation businesses in highly functional and highly automated technological domains. At the same time, we will focus on addressing a variety of risks, such as environmental conservation, to balance expansion of economic value and enhancement of social value.

OUTPUT

OUTCOME

Direction of Strategies

(Acceleration of Mid-Term Management Plan 2025 and improving feasibility of Long-Term Vision 2030)

- Strengthen shareholder returns and growth investments while condensing capital

- Further expand top-share products globally and make rational investments to improve profitability

- Evolve “Linked Automation” technology that combines our core technology with technologies related to AI and IoT
- Promote technological fusion by strengthening collaboration within the Group and engaging in industry-government-academia collaborations

- Fortify human resources who can handle advanced technology while reforming company culture

- Further expand customer base by entering untapped markets and carrying out localization strategies

- Further accelerate reduction of CO₂ emissions through reform of heat treatment processes and development of Eco-Products

Expand top lines
(growth of existing
businesses
+ development of
new businesses
+ M&A/alliances)



Expand
Sustainable
Products



Create
next-generation
businesses



Invest in new
businesses and
systematically
carry out M&A

Improve profitability
and capital efficiency by
addressing underperforming
businesses and strategically
optimizing our business
portfolio

Expand
economic value

Expand shareholder
returns

Reinvest generated
cash

Enhance
social value

Creating a people-
friendly society



Building a safe
and secure
infrastructure
for living



Creating an Earth-
friendly society

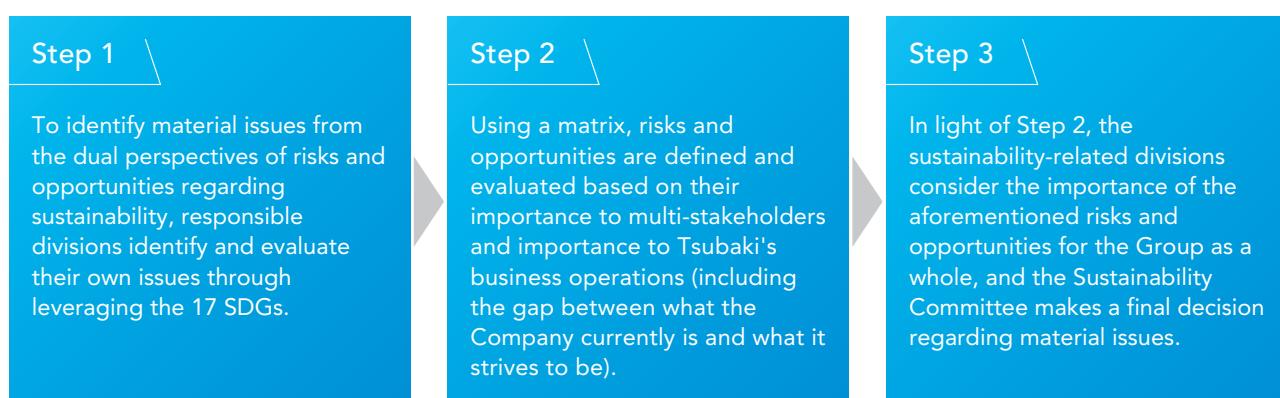


Sustainability Priority Matters and KPIs

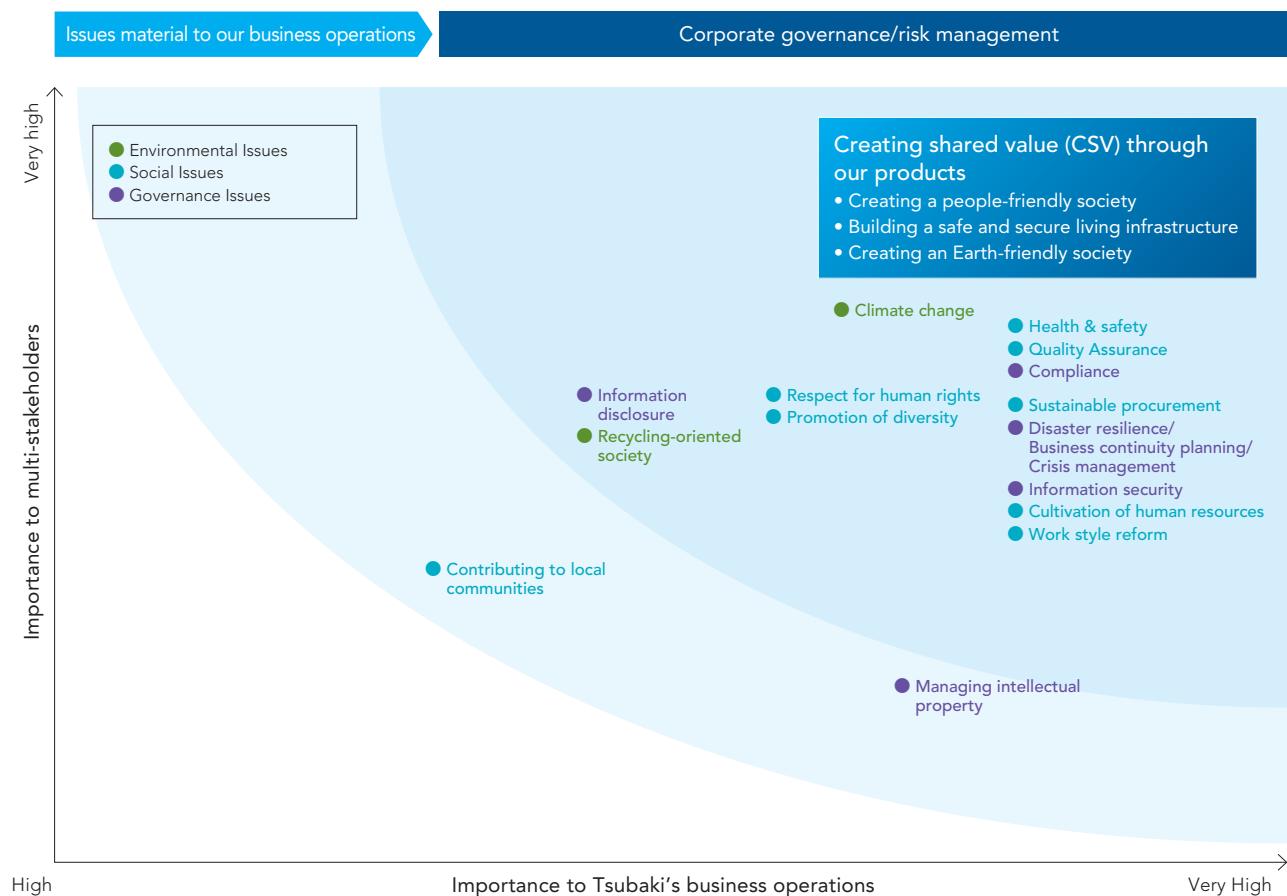
The Tsubaki Group approaches the sustainable enhancement of our corporate value from the perspectives of both CSR and CSV according to our Basic Policy on Sustainability (refer to P32).

We have set Sustainability Priority Matters (material issues) and KPIs for the CSR side. With regard to CSV matters, the social issues that we intend to solve through the products the Group provides, we have set priority matters in Long-Term Vision 2030 and Mid-Term Management Plan 2025, which we are working on with a medium- to long-term view.

Process for Identification of Priority Matters (Material Issues)



Results of Analysis of Material Issues



Material Issues (Priority Matters) and KPIs (Key Performance Indicators)

	Material Issues (Priority Matters)	KPIs (Key Performance Indicators)	Scope	Target	FY of Achievement
E Environment	1. Climate change	CO ₂ emissions reductions rate: Japan (reference year FY 2013)	Domestic	30%	FY2025
		CO ₂ emissions reductions rate: Overseas (reference year FY 2018)	Overseas	20% or more	FY2025
		CO ₂ emissions reductions rate: Global (reference year FY 2021)	Global	42%	FY2030
		Ratio of renewable energy consumption	Domestic	30%	FY2025
		CDP climate change score	Global	B	FY2023
	2. Recycling-oriented society	Waste recycling rate	Domestic	More than 99%	FY2030
		PRTR-substance emissions	Domestic	130.9 t or less	FY2030
		Number of serious violations of environmental laws and regulations	Global	0	Annually
S Society	3. Respect for human rights/ Promotion of diversity	Number of companies implementing ethics education	Domestic	14	Annually
		Number of companies implementing due diligence regarding human rights	Global	31	FY2025
		Ratio of employees with disabilities	Non-consolidated	2.70%	FY2025
		Ratio of companies meeting legally required employment ratios for people with disabilities	Domestic	100%	FY2025
		Number of non-Japanese employees	Non-consolidated	85	FY2030
		Ratio of female employees in Senior Roles	Domestic	10%	FY2030
	4. Cultivation of human resources/Work style reforms	Education plan implementation rate	Non-consolidated	100%	Annually
		Ratio of paid leave acquisition	Non-consolidated	85%	FY2025
		Ratio of maternity and childcare leave-takers who have returned to work	Non-consolidated	—	—
		Ratio of employees with high level of stress	Non-consolidated	5.0%	FY2025
	5. Health and safety	Number of lost time accidents	Domestic	0	Annually
	6. Quality assurance	Number of major quality issue occurrences	Global	0	Annually
	7. Contributions to local communities	—	—	—	—
	8. Sustainable procurement	Number of Sustainability Guidelines issued (cumulative total)	Global	1,500	FY2025
		Sustainable procurement survey collection rate	Domestic	80%	FY2025
G Governance	9. Compliance	Number of serious violations of Company regulations	Global	0	Annually
		Number of companies that participated in Corporate Ethics Awareness Month	Global	52	Annually
	10. Disaster resilience/ Business continuity planning/ Crisis management	Ratio of companies implementing disaster prevention and evacuation drills	Domestic	100%	Annually
		Number of business sites revising their business continuity plans (BCPs)	Domestic	17	FY2023
	11. Information security	Number of serious system incident occurrences	Domestic	0	Annually
		Number of information security accident occurrences	Global	0	Annually
	12. Information disclosure	—	—	—	—
	13. Managing intellectual property	Number of valid warnings received claiming infringement of intellectual property rights	Global	0	Annually

Scope: (within Japan) Tsubakimoto Chain and domestic consolidated subsidiaries; (global) major subsidiaries both domestic and overseas

Status of CSV Activities

We believe that a company that cannot contribute to society cannot survive, and are working to establish new businesses and develop new products. In terms of new businesses, our initiatives to strengthen our business development center on three fields: new mobility, human assistance, and energy management. In terms of development of new products, we are strengthening our development and sales operations in each division under our proprietary Sustainable Products system.

Sustainable Products	Category	
	Eco-products	<ul style="list-style-type: none"> • Climate-friendly products • Products that contribute to the realization of a recycling-oriented society
	Social products	<ul style="list-style-type: none"> • Products that contribute to social issues other than environmental issues

Power Transmission Operations

(Chain Operations and Motion Control Operations)



As a comprehensive power transmission manufacturer, we aim to be a total coordinator of power transmission.

Yasushi Nagai
Senior Managing Executive Officer
Power Transmission Operations

SWOT Analysis

Strengths	Chain Overwhelming superiority in terms of performance and quality and an extensive product lineup	Weaknesses	Chain Production and supply framework centers on Japan and North America
	MC Competitive edge and composite technologies of electric cylinders, cam clutches, etc.	MC Inadequate response to market needs	
Opportunities		Threats	
<ul style="list-style-type: none"> Increase in need for environmental friendliness, improved productivity, labor savings, automation, etc. Greater digital transformation (DX) investment in the manufacturing industry 			<ul style="list-style-type: none"> Worsening economic conditions due to Trump tariffs Acceleration of overseas expansion by Chinese and Korean manufacturers due to stagnation of the Chinese economy Ongoing cost increases due to resurgence of product procurement difficulties and inflation

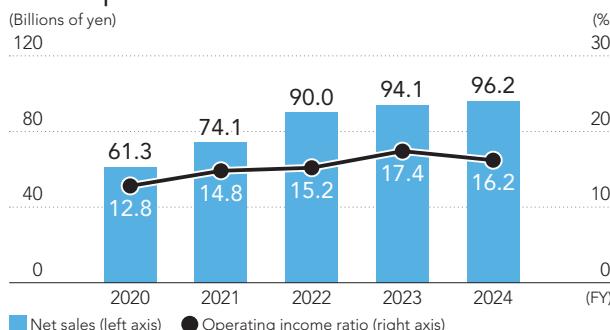
Review of Results Over the Last Four Years (Fiscal 2021-2024)

Net sales for Chain Operations have grown significantly, increasing by an average of 11.9% each year over the last four years. This is testament to the success of our matrix management, in which we identify industries in each region where we can demonstrate our superiority and then develop and release products suited to those industries' needs. Our share of the North American market has grown due to the positive response to our framework for stable supply from our local factories. While the

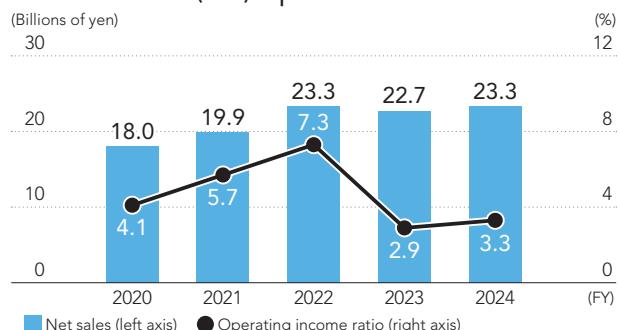
operating income ratio decreased somewhat year-on-year in fiscal 2024, it remained high at 16.2%.

For Motion Control Operations, while net sales have increased by an average of 6.7% each year over the last four years, profitability has been slow to recover, with an operating income ratio of 3.3% (results for fiscal 2024). In addition to proposing solutions integrated with Chain Operations, quickly launching unit products using composite technologies is a measure that needs to be taken urgently.

Chain Operations



Motion Control (MC) Operations



Overview of Business

Accounting for 80% of Power Transmission Operations' sales, Chain Operations has established a world-leading brand, particularly for high-end products. Motion Control Operations, meanwhile, is a leader in a number of niche areas including cam clutches and linear motion devices.



Power transmission products

Issues and Strategies for the Realization of Long-Term Vision 2030

Acceleration of Global Growth

We will strengthen Chain Operations' capacity for growth by expanding our share in Europe and entering markets in the Global South. In Europe, we purchased EUROCATENA GmbH, a German manufacturer and seller of conveyor chains, in December 2024. We will utilize that production and development base to improve our cost-competitiveness and framework for timely development and supply of products that meet customers' needs in order to expand our share of the European market. In the Global South, including India and South Africa, we will strengthen our sales network to meet the continuously growing demand there.

In Motion Control Operations, we purchased ATR Sales, Inc., a manufacturer and seller of flexible couplings, in 2022. Sales rapidly expanded after our purchase of this company as we were able to sell ATR's easy-to-maintain products through Tsubaki's global network. We also began selling the products in Japan in April 2025, after a partial change of specifications. Going forward, we will develop these flexible couplings into a global product with the aim of expanding our sales channels into Asian markets.

Implementation of Reforms in Marketing and Manufacturing

We are carrying out various initiatives to reform our marketing in order to increase opportunities for

contact with end users and further increase customer satisfaction. An issue we have faced is that our power transmission products are sold through distributors, with the result that direct communication with end users has been limited. To resolve these issues, we have focused on introducing customer management and sales support systems and conducting market analyses.

This has increased our opportunities to directly hear end users' opinions. We have received feedback about both the replacement cycles of the chains and the products themselves. This information is also disseminated further to create positive cycles: for example, it is shared with our Inside Sales Department and Sales Division, enabling the next development themes to be decided based on end users' feedback.

We are also carrying out ongoing manufacturing reform such as labor saving and DX to achieve worker-friendly factories with no loss or risk. Additionally, we are setting up "small and smart factories" at each of our overseas sites to customize products shipped from our main factories, such as those in Japan and North America, in locations close to our customers.

In Power Transmission Operations, we will utilize digital marketing to increase customer satisfaction and accelerate development of products with a focus on added value such as Human Assist and composite units to further distinguish ourself from competitors.

Mobility Operations



In addition to maximizing profits from our Timing Chain Systems for automobile engines, we will quickly grow our in-vehicle clutches into the next generation of core products

Isao Sato

Managing Executive Officer
Mobility Operations

SWOT Analysis

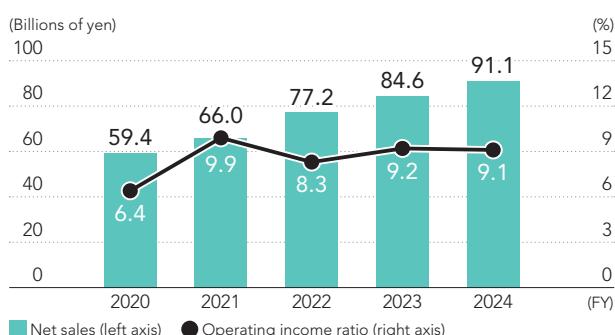
S trengths	<ul style="list-style-type: none"> Development of products that contribute to improving environmental performance, e.g. more efficient and lighter drive trains Responsive engagement and energy saving performance in one-way clutches for motorcycles 	W eaknesses	<ul style="list-style-type: none"> High level of dependency on products for internal combustion engines
O pportunities	<ul style="list-style-type: none"> Widening range of powertrain options (in addition to acceleration of transition to HEVs and PHEVs) Growing need for more compact and higher performance parking locks in in-vehicle clutches and overload protection for switching between 2WD/4WD 	T hreats	<ul style="list-style-type: none"> Increasing technology development and labor costs for parts and systems to cater to various options, including BEVs, FCVs, and alternative fuel systems

Review of Results Over the Last Four Years (Fiscal 2021-2024)

Net sales for Mobility Operations have grown significantly, increasing by an average of 11.3% each year over the last four years. This is due to the continued recovery of global automobile manufacturing after the COVID-19 pandemic and the ongoing growth of the Tsubaki brand's share of the timing chain market.

Operating income ratio, meanwhile, has averaged 9.1% over the last four years. While this is an increase

from the lowest point, 6.4%, which was reached five years ago in fiscal 2020, it has yet to reach the target of 11% or more that was set in Mid-Term Management Plan 2025. One reason for this is that while we are passing on the increases of costs such as material costs, there are regional gaps. Another is that development costs are increasing due to our acceleration of the development of in-vehicle clutches as our next core product.



In-vehicle clutches

Overview of Business

Our core products are our Timing Chain Systems for automobile engines (42% share of the global market). We have established a solid position in the markets for power drive chains for four-wheel drives and starter clutches for two-wheel drives. We are developing in-vehicle clutches as the next generation of core products.



Timing Chain System



Enedrive Chains

Issues and Strategies for the Realization of Long-Term Vision 2030

Maximizing Profits in Our Timing Chain Business
 In recent years, a deceleration has been seen in the automobile industry's shift to BEVs (battery electric vehicles), while production of environmentally friendly vehicles such as HEVs (hybrid vehicles) and PHEVs (plugin hybrid vehicles) gathers steam. In response to this, there has been more active development of new engines compliant with exhaust regulations, which were in low demand when the focus was on BEVs. Trends like this in the automobile industry are a tailwind for Tsubaki's Timing Chain Systems, as the strengths of these systems lie in environmentally friendly attributes such as a light weight and low friction. Under these conditions, Mobility Operations will dedicate itself to securing new orders to further increase the market share of our Timing Chain Systems.

Along with increasing net sales, we are working to maximize the profits generated by our Timing Chain Systems business through rigorous cost reduction and restructuring and consolidation of production sites throughout the world. We have finished our consolidation of our production sites in Thailand and Europe, and plan to restructure production sites elsewhere from fiscal 2026.

Along with the restructuring of our production sites, Mobility Operations is carrying out value analysis (VA) activities to reduce costs throughout our value chain. In addition to initiatives for our production processes, we are steadily working on measures such as simplification of our organizations and reshuffling of personnel in indirect departments. We aim to improve our hourly yield through these VA activities. We will continue rolling out these initiatives to further reduce costs.

Expansion of In-Vehicle Clutch Business

Mobility Operations has been developing in-vehicle clutches as our second core product, after our Timing Chain Systems. In fiscal 2024, we received our first order for our internally developed products, for the gearshift/power switching clutches from an overseas automobile manufacturer. We will move to the mass production stage from fiscal 2025.

In addition to gearshift/power switching clutches, the Company is developing clutches for a wide range of applications, including parking locks and torque limiters. We intend to strongly promote these clutches to automobile manufacturers around the world as products that can contribute to improvements of drive units such as size reduction and energy saving, and, in doing so, quickly develop in-vehicle clutches as a core product.

Basic Approach for Entry Into New Markets

With technology advancing at a rapid rate today, it is important to cast a wide net and lay the foundations to advance into new businesses instead of limiting ourselves to specific areas such as chains and clutches. We have built strong, trust-based relationships with automobile manufacturers around the world through our timing chain business. We have also been utilizing our strengths to begin collaborating with other companies that have advanced technologies. Through this two-pronged approach combining development of new products centering on our own superior technology and development of new businesses that introduce other companies' advanced technologies to our customer base, we will strengthen our capacity for sustainable growth in the medium to long term.

Materials Handling Operations



We aim to strengthen our system integration and contract maintenance and transform ourselves into a solution-providing company to improve profitability and achieve consistent growth

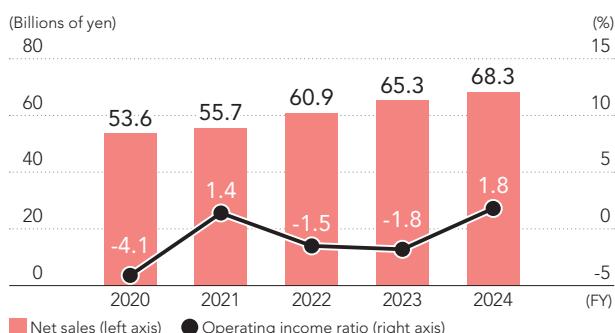
Masafumi Okamoto
Managing Executive Officer
Materials Handling Operations

SWOT Analysis

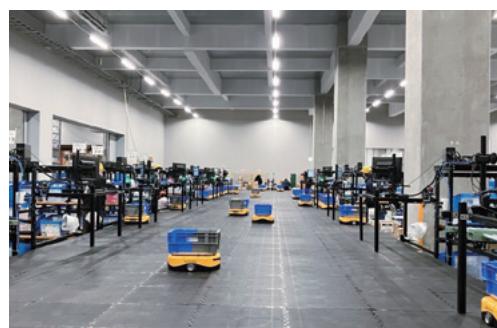
S trengths	<ul style="list-style-type: none"> Customer-oriented product development and customization capabilities Track record and ability to propose solutions for automatic sorting and FA systems Stability and high profitability of our Bulk business 	W eaknesses	<ul style="list-style-type: none"> Low profitability of Materials Handling Systems in Japan and the USA
O ppORTUNITIES	<ul style="list-style-type: none"> Expansion of environmental investments (Bulk business) Expansion of needs for DX solutions (logistics and factory automation (FA)-related areas) 	T hreats	<ul style="list-style-type: none"> Commodification of existing products Longer installation period

Review of Results Over the Last Four Years (Fiscal 2021-2024)

Net sales for Materials Handling Operations have increased by an average of 6.2% each year over the last four years. This increase was driven by record sales in fiscal 2024, mainly in our Bulk and Mayfran businesses. In particular, the Bulk business achieved record sales in FY2024, and environmentally friendly conveyor systems performed well overseas. In our Mayfran business, we expanded sales channels for our shuffle conveyors, which shake items while transporting them, into industries such as food products.



Results for materials handling systems slumped over the last four years. This is due to low demand for automatic sorting systems, a strong product of ours, in the domestic market, and unexpected additional costs for projects in the American automobile industry. We have already completed the disposition of our losses in the USA, but we urgently need to find a way to rebuild our material handling systems business in Japan and the USA.



DX of logistics warehouses with our T-Carry system

Overview of Business

Materials Handling Operations comprises three main areas: materials handling systems, which are used to transport, store, sort, and pick items at factories and warehouses, our Bulk business for conveying bulk products such as cement and fertilizer, and our Mayfran business, which includes equipment for conveyance of scrap metal and processing of coolant. Our materials handling systems and bulk businesses have a strong presence in automatic sorting systems and environmental fields such as waste incineration, respectively. For our Mayfran business, which mainly serves the machine tools industry, we are expanding our sales channels into the food products industry.



T-AstroX, a 3D Materials Handling System

Issues and Strategies for the Realization of Long-Term Vision 2030

Shifting our Business Model to a Solutions-Providing Company

With rapid technological innovation taking place, there is a limit to how much automation and labor saving we can accomplish with our own products alone. It is essential to shift to system integration using a vendor-free approach combining technologies such as AGV and autonomous mobile robots. At the same time, we are strengthening our materials handling systems through the use of software such as AI, including controlled operation of conveyor devices.

In fiscal 2024, we commercialized an AI-based image recognition system with some of the world's fastest and most accurate image recognition AI technology. We began providing logistics support solutions integrating our automatic tilt tray sorting system. We have also been accelerating the transformation of our business model, including the adoption of a cutting-edge logistics system combining our T-Carry system, a handling and sorting system using many small AGVs, and our Shutter Assort System.

At Nexa Ware Co. Ltd., a joint venture with KDDI Corporation, we are promoting DX of logistics warehouses through a vendor-free approach to system integration, including actively proposing next-generation materials handling systems with logistics data analysis software.

Expanding our Maintenance Business to Improve Profitability and Strengthen After-Sales Services

In addition to expanding our system integration business, we are strengthening our contract maintenance. Our contract maintenance is more

profitable and economically resilient than our product sales business, where we supply hardware, so we can expect this to stabilize our profits. In 2023, to strengthen our contract maintenance, we relocated and expanded our Tokyo Service Center and established a framework for unified, centralized management of the information in our systems for deliveries to customers. We use a proprietary network system to monitor the operation status of our equipment in each location and are building a framework for DX-based maintenance.

Going forward, we will strengthen functions such as maintenance support through remote operations. We are also planning to consolidate the maintenance departments of our Bulk and Mayfran businesses and Power Transmission Operations, and will focus on expanding and strengthening our contract maintenance.

Bulk and Mayfran Businesses: Focusing on Strengthening our Capacity for Sustainable Growth

The strategies for our Bulk and Mayfran Businesses focus on strengthening their capacity for medium- to long-term growth. The issue we are prioritizing in our Bulk business is penetration of the Indian market, where there is continuous high growth. In India, we will expand sales of bulk conveyor equipment, a strong product of Tsubaki's, using our subsidiary that will be consolidated from fiscal 2025. In our Mayfran business, we will utilize our proprietary shuffle conveyors to expand our customer base into industries such as food products to strengthen the business's resilience to economic fluctuations.

Toward the Sustainable Future Envisioned by the Tsubaki Group

The Tsubaki Group carries out ESG (environmental, society and governance) management with the aim of improving our social and economic value in the medium to long term. We aim to be a company that contributes to a sustainable society and continues to earn the trust of society.

Working to Realize a Sustainable Society

Since we were first established, the Tsubaki Group has worked to achieve sustainable growth by fulfilling our social responsibility as a company and working to contribute to society through our business activities. Through this work, we are contributing to accomplishing the SDGs. In 2020, we established a Basic Policy on Sustainability to carry out these activities in a systematic manner.

Under this policy, the Group works together to work on technological innovations and solutions to social issues, as well as facilitating mutual communication with stakeholders, to contribute to the development of a sustainable society as a manufacturing company.

Basic Policy on Sustainability

The Tsubaki Group will contribute to the creation of a sustainable society through business activities based on the Tsubaki Spirit, its corporate philosophy, while improving its corporate value through technological innovation and aiming to remain a company that society needs. In addition, we will enhance management transparency and deepen relationships of trust through communication with our stakeholders.

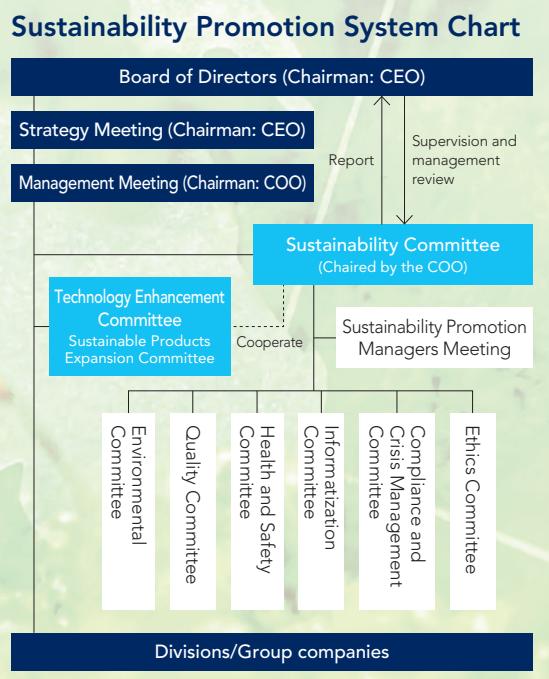
Promotion System and Evaluation of Effectiveness

Under our Basic Policy on Sustainability, we have designated “Strengthen ESG initiatives” as one of our basic policies for our Mid-term Management Plan 2025. We have designated three specific pillars—carbon neutrality initiatives for E, solving other social issues (human rights, labor practices, supply chain management, etc.) for S, and strengthening our governance and business infrastructure for G—and we are actively pursuing these activities. The Tsubaki Group established a Sustainability Committee chaired by the COO in 2022 to bolster and accelerate its sustainability activities.

The Sustainability Committee discusses, decides and systematically manages activity policies and key themes regarding the implementation framework and effectiveness evaluations for the Group as a whole based on information from various committees, including those pertaining to the environment, quality, and safety, and the Sustainability Promotion Managers Meeting. The

Board of Directors receives regular reports from the Sustainability Committee about the status of activities and progress on issues while supervising and reviewing our sustainability activities as a whole. In fiscal 2024, we particularly focused on seven areas: addressing climate change, managing human rights and labor-related risks, managing supply chain risks, enhancing crisis management systems, bolstering cyber security measures, enhancing quality assurance system, and reinforcing safety and health measures.

Under this promotion system, we will identify priority matters (material issues) and set metrics (KPIs) and take further action to solve these issues, not only by strengthening our activities but also through measures such as evaluating the effectiveness of our KPIs and the progress of our PDCA cycles. We are also actively involved in initiatives to facilitate the development of a sustainable society, and are working to bolster our sustainability activities and improve information disclosure.



Tsubaki's Participation in Initiatives/Reputation in Society:

- United Nations Global Compact (UNGC)
- Task Force on Climate-Related Financial Disclosures (TCFD) recommendations
- CDP: A world-leading organization that evaluates environmental activities; FY2024 climate change score: B
- Science Based Targets initiative (SBTi): An international initiative that provides certification for targets to reduce greenhouse gas emissions
- Eco-First: A system under which the top environmental performers in each industry are certified by the Minister of the Environment
- 2025 Certified KENKO Investment for Health Outstanding Organization (large enterprise category): A program recognizing enterprises demonstrating exceptional health management practices, established by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi

Sustainability Priority Matters and Progress to Date



Please refer to our website to view our Basic Policy on Sustainability and other detailed information.
<https://tsubakimoto.com/sustainability/>

Material Issues (Priority Matters)		Contribution to the SDGs	KPIs (Key Performance Indicators)	Targets and Results				
				Scope	Target	FY of Achievement	FY2024 Results	
E Environment	Climate change		CO ₂ emissions reductions rate: Japan (reference year FY 2013)	Domestic	30%	FY2025	38.2%	
			CO ₂ emissions reductions rate: Overseas (reference year FY 2018)	Overseas	20% or more	FY2025	21.3%	
			CO ₂ emissions reductions rate: Global (reference year FY 2021)	Global	42%	FY2030	22.2%	
			Ratio of renewable energy consumption	Domestic	30%	FY2025	36.9%	
	Recycling-oriented society		CDP climate change score	Global	B	FY2023	B	
			Waste recycling rate	Domestic	99% or more	FY2030	97.9%	
			PRTR-substance emissions	Domestic	130.9 t or less	FY2030	116.9 t	
			Number of serious violations of environmental laws and regulations	Global	0	Annually	0	
S Society	Respect for human rights/ Promotion of diversity		Number of companies implementing ethics education	Domestic	14	Annually	14	
			Number of companies implementing due diligence regarding human rights	Global	31	FY2025	31	
			Ratio of employees with disabilities	Non-consolidated	2.70%	FY2025	2.72%	
			Ratio of companies meeting legally required employment ratios for people with disabilities	Domestic	100%	FY2025	33.3%	
			Number of non-Japanese employees	Non-consolidated	85	FY2030	33	
	Cultivation of human resources/ Work style reforms		Ratio of female employees in Senior Roles	Domestic	10%	FY2030	5.2%	
			Education plan implementation rate	Non-consolidated	100%	Annually	100%	
			Ratio of paid leave acquisition	Non-consolidated	85%	FY2025	77.3%	
	Health and safety		Ratio of maternity and childcare leave-takers who have returned to work	Non-consolidated	—	—	92.5%	
			Ratio of employees with high level of stress	Non-consolidated	5.0%	FY2025	6.6%	
G Governance	Quality assurance		Number of lost time accidents	Domestic	0	Annually	2	
			Number of major quality issue occurrences	Global	0	Annually	1	
	Contributions to local communities		—	—	—	—	—	
			Number of Sustainability Guidelines issued (cumulative total)	Global	1,500	FY2025	1,611	
			Sustainable procurement survey collection rate	Domestic	80%	FY2025	81.7%	
	Sustainable procurement		—	—	—	—	—	
			Number of serious violations of Company regulations	Global	0	Annually	0	
	Compliance		Number of companies that participated in Corporate Ethics Awareness Month	Global	52	Annually	52	
			Ratio of companies implementing disaster prevention and evacuation drills	Domestic	100%	Annually	100%	
	Disaster resilience/ Business continuity planning/Crisis management		Number of business sites revising their business continuity plans (BCPs)	Domestic	17	FY2023	Completed June 2023	
			Number of serious system incident occurrences	Domestic	0	Annually	0	
	Information security		Number of information security accident occurrences	Global	0	Annually	0	
			—	—	—	—	—	
	Information disclosure		Number of valid warnings received claiming infringement of intellectual property rights	Global	0	Annually	1	
			—	—	—	—	—	

Guided by our Basic Policy on Sustainability, the Tsubaki Group has determined material issues (priority matters) and KPIs for each environmental, society, and governance (ESG) category. In fiscal 2024, our activities progressed as set out in the table below.

Initiatives in FY2024	Issues and measures for FY2025
<ul style="list-style-type: none"> Carried out activities in each division to meet the revised Group CO₂ reduction targets after obtaining of SBT certification. Launched just-in-time (JIT) initiatives for energy; horizontally developed at domestic and overseas business sites. Also began research to decarbonize our heat treatment process (TCN-PJ). Continued purchasing renewable energy for around 30% of our domestic energy usage. Further introduced renewable energy at domestic and overseas Group companies. Investigated CO₂ emissions by major suppliers. Additionally, held tours of Company plants carrying out JIT activities and began working together with suppliers on activities to reduce CO₂ emissions. Revised 2022 TCFD disclosures. Simultaneously, examined the quantification of scenario analysis and transition plans. 	<ul style="list-style-type: none"> Continue research on decarbonization of heat treatment processes in addition to carrying out more active energy saving activities at overseas Group companies. Consider revision of ICP pricing (currently 10,000 yen per t-CO₂) and carry out more active energy saving activities. Consider increase in purchasing of renewable energy at domestic Group companies and continue investigations with a view to purchasing for overseas Group companies. Expand the scope of collaboration on supplier CO₂ emissions surveys and CO₂ reduction activities to accelerate decarbonization initiatives throughout our supply chain. Quantify scenario analysis outside mobility business.
<ul style="list-style-type: none"> In addition to existing domestic activities, established Global Environmental Management Manual to strengthen activities at overseas Group companies. Began obtaining various environmental data. 	<ul style="list-style-type: none"> Work toward receiving EcoFactory certification for all domestic sites. Overseas, assess local activities and promote and support environmental management activities using Global Environmental Management Manual.
<ul style="list-style-type: none"> Designated a Corporate Ethics Awareness Month to implement activities raising awareness of compliance in Japan and overseas. Implemented e-learning on business and human rights at domestic Group companies. Conducted human rights due diligence covering domestic and overseas Group companies. 	<ul style="list-style-type: none"> Maintain initiatives pursued thus far and make planned improvements to them. Continuously carry out human rights due diligence and confirm status of improvements.
<ul style="list-style-type: none"> Established work environments and developed roles conducive to hiring persons with disabilities at each site. 	<ul style="list-style-type: none"> To increase employment rate of persons with disabilities, bring forward schedule for achieving targets and redouble hiring, particularly at our special subsidiary. Provide support for the efforts of domestic Group companies to meet legally required employment ratios for individuals with disabilities.
<ul style="list-style-type: none"> Strengthened measures for hiring of non-Japanese employees. Conducted training for the purpose of women's advancement, continuously and actively hired women, and expanded roles. 	<ul style="list-style-type: none"> Carry out measures such as departmental awareness-raising activities to increase hiring of non-Japanese nationals. In terms of retention, strengthen follow-up system for career and life goals. To facilitate advancement of women, continue existing initiatives and systematically improve KPI.
<ul style="list-style-type: none"> Maintained ratio of usage through combination of face-to-face training and e-learning, upgraded the content of themes in need of strengthening by continuing training and other activities through dispatches of employees to external agencies and the use of external lecturers. 	<ul style="list-style-type: none"> Through our three proprietary schools, actively carry out employee training that leads to noticeable individual growth, including Companywide training, departmental training, and global training, as well as enhancing elective training.
<ul style="list-style-type: none"> Established scheduled date for granting paid leave. 	<ul style="list-style-type: none"> Promote the creation of workplaces where employees can easily take paid leave and encourage employees to take paid leave in a planned manner.
<ul style="list-style-type: none"> Established supportive working environment and enhanced support through measures such as expanding the Maternity and Childcare Leave Handbook and creating the Handbook for Balancing Work with Caregiving. 	<ul style="list-style-type: none"> Continue current initiatives to retain return rates of maternity and childcare leave.
<ul style="list-style-type: none"> Began applying work-from-home system for employees with childcare or other care responsibilities to provide support after maternity and childcare leave. 	<ul style="list-style-type: none"> Disseminate revised details of childcare leave and nursing carer support systems and establish environments conducive to taking leave, etc.
<ul style="list-style-type: none"> Implemented mental health education on a regular basis and established an internal consultation service operated by dedicated personnel. 	<ul style="list-style-type: none"> Maintain efforts to reduce the number of long-term absentees and employees with high levels of stress by enhancing care by line supervisors and encouraging self-care.
<ul style="list-style-type: none"> Shared information with relevant departments for early detection of employees who are unwell. 	<ul style="list-style-type: none"> Promote health and safety activities from soft and hard perspectives using the Safe-Person Manual and the Machinery and Equipment Safety Guidelines; work to share information with global bases on serious accidents.
<ul style="list-style-type: none"> Established the three pillars of the Tsubaki Group's health and safety activities (Safe-Person Manual, Risk Assessment Guidelines, and Machinery and Equipment Safety Guidelines) and continued carrying out activities. 	<ul style="list-style-type: none"> Follow up on overseas expansion of use of capability map as a means to provide overseas sites with support to improve weak processes.
<ul style="list-style-type: none"> Utilized quality assurance system capability map as a tool to achieve zero serious quality issues. Also introduced the map at overseas Power Transmission sites through Global Quality Meetings held by Chain Operations. 	<ul style="list-style-type: none"> Conduct internal audits according to fiscal year plan.
<ul style="list-style-type: none"> Conducted internal audits based on annual plan. Completed at eight domestic sites and three overseas sites. 	<ul style="list-style-type: none"> Strengthen social contribution activities to solve social issues or achieve SDGs both domestically and overseas.
<ul style="list-style-type: none"> Continued sponsoring Nagaokakyō Gracia Festival in Kyotanabe and other community events and holding Cherry Blossom Festival (open to the public) at Kyotanabe Plant. Provided employee parking areas as venues for events such as kids' runbike races. 	<ul style="list-style-type: none"> Check progress on social contribution activities at domestic Group companies and consider holding collective events.
<ul style="list-style-type: none"> Distributed Supplier Sustainability Guidelines to suppliers of domestic and overseas Group companies (except those in China). 	<ul style="list-style-type: none"> Provide training to major domestic suppliers, verify actual status based on results of Sustainable Procurement Survey, etc., and implement improvement activities.
<ul style="list-style-type: none"> Provided sustainability education to major domestic suppliers and investigated the current situation through our Sustainable Procurement Survey and human rights due diligence. 	<ul style="list-style-type: none"> Distribute Sustainability Guidelines to suppliers of Chinese Group companies and conduct Sustainable Procurement Survey and human rights due diligence for major suppliers of European Group companies.
<ul style="list-style-type: none"> Held workshops on sustainable procurement for personnel in charge of procurement at domestic Group companies. 	<ul style="list-style-type: none"> Entrench use of the guidelines mentioned to the left.
<ul style="list-style-type: none"> Investigated the state of management at major suppliers of domestic Group companies as the first step in building a more resilient supply chain. Created Guidelines for Managing Risk of Cessation of Supply by Critical Suppliers to improve the baseline level of management throughout the Group. 	<ul style="list-style-type: none"> In addition to diversifying suppliers through exchange of information within the Group, negotiate with suppliers and customers and endeavor to realize procurement and sale prices that are suitable for the current situation.
<ul style="list-style-type: none"> Raised employee awareness of compliance and thoroughly familiarized personnel with corporate ethics through the Corporate Ethics Awareness Month and a range of training programs. 	<ul style="list-style-type: none"> Ensure thorough compliance by maintaining activities relating to data and making continuous improvements.
<ul style="list-style-type: none"> Based on the Tsubaki Group Basic BCP Strategy, carried out various disaster preparedness activities, including disaster preparedness drills, drills using a safety confirmation system, and stockpiling of disaster preparedness items. 	<ul style="list-style-type: none"> Complete BCPs for business divisions and domestic Group companies and carry out BCP training.
<ul style="list-style-type: none"> Established an initial 3-hour response manual for domestic Group companies. 	<ul style="list-style-type: none"> Carry out facility audits and fire, disaster, and crime prevention audits at domestic Group companies to strengthen crisis management system.
<ul style="list-style-type: none"> Improved insurance coverage for five overseas companies according to our Property and Casualty Insurance Guidelines which we established in May 2022. 	<ul style="list-style-type: none"> Currently conducting one-on-one discussions with 30 overseas Group companies for strengthening loss risk measures based on Property and Casualty Insurance Guidelines.
<ul style="list-style-type: none"> Established Overseas Crisis Preparedness: Emergency Evacuation Plan (Taiwan) as a countermeasure for overseas crises. 	<ul style="list-style-type: none"> Organize items to respond to war risks to safeguard the lives and ensure the safety of expatriates.
<ul style="list-style-type: none"> Completed introduction of EDR+SOC services in main domestic and overseas Group companies. 	<ul style="list-style-type: none"> Revise self-analysis of Cybersecurity Guidelines, level up the achievement criteria, and ensure thorough implementation.
<ul style="list-style-type: none"> Consolidated authentication logs and access logs and carried out correlation analysis of the consolidated logs. 	<ul style="list-style-type: none"> Strengthen security measures for use of cloud services.
<ul style="list-style-type: none"> Completed introduction of security response tool for email-based threats and attacks. 	<ul style="list-style-type: none"> Strengthen daily education and training (clarify and thoroughly disseminate security rules to be followed, etc.).
<ul style="list-style-type: none"> Made disclosures in cooperation with related departments on a case-by-case basis in accordance with the Tokyo Stock Exchange's guidelines on disclosure standards. 	<ul style="list-style-type: none"> Disclose information effectively so that stakeholders understand the link between our business strategies and our ESG activities.
<ul style="list-style-type: none"> Strengthened disclosures of sustainability-related information as part of dialogue with stakeholders. 	<ul style="list-style-type: none"> As measures to revitalize IP activities, (1) continue IP training (ensure awareness of importance of investigations), (2) publicize and expand external guidelines (related to patents, trademarks, and copyrights), and (3) begin to consider measures for overseas group companies.
<ul style="list-style-type: none"> Produced and issued Integrated Report with a focus on connections between business activities and ESG activities. 	<ul style="list-style-type: none"> As a global measure, ascertain status of intellectual property activities at overseas Group companies, and clarify issues and formulate plans to optimize them.
<ul style="list-style-type: none"> Continued activities to establish IP awareness. (1) Continued study sessions (for engineers by rank/each IP system, etc.), (2) Published various guidelines and publicized them through training (compensation and incentive payments, trademarks, patent searches). 	<ul style="list-style-type: none"> TSUBAKI REPORT 2025

Communications with Stakeholders

In keeping with our Basic Policy on Sustainability, the Tsubaki Group strives to act with consideration for the global environment and international society and contribute to the building of a sustainable society. To accomplish this, we will build strong partnerships through proactive mutual communication with our stakeholders and strengthen our initiatives to create new value.

Relation

We are striving to maintain and improve the trust and confidence of the market, while also fulfilling the duty of explanation to shareholders through timely and relevant information disclosure on management policies, business strategies, business performance trends, etc. We are also working to increase corporate value and shape appropriate stock prices through dialogue and promoting a proper understanding of our company.

Main Initiatives

- Holding results briefings, plant visits, individual meetings, and other events for institutional investors and securities analysts
- Information provided through IR tools such as Integrated Reports and our website

Relation

We are striving to build relationships of trust with our customers, while also contributing to addressing social issues and the issues facing customers by providing high-quality products and services that customers can use with satisfaction and peace of mind.

Main Initiatives

- Providing products, services, and solutions that solve the issues facing customers
- Providing information using websites, catalogs, exhibitions, seminars etc.

Relation

We emphasize the health and diversity of our employees, and we are working to create a workplace environment and to educate and train personnel to help each employee to realize their full potential.

Main Initiatives

- Creating opportunities for employees and management to talk via briefings on policies and business conditions, corporate communications, etc.
- Providing various opportunities for level-specific and job-specific training and education

Relation

We are working with our business partners (suppliers) on procurement activities, so that we can perform high quality manufacturing and help create a sustainable society. In addition to ensuring that business dealings are fair and equitable, we are also asking our business partners to make efforts toward sustainable procurement, and we are working with them to achieve this.

Main Initiatives

- Holding company policy briefings, procurement policy briefings, etc.
- Promoting sustainable procurement in accordance with the Tsubaki Group Supplier Sustainability Guidelines

Relation

We are actively encouraging exchanges and cooperation with the local communities surrounding each of our business bases, and aiming for the mutual development of our business and the local communities. This is also one of the social contribution activities that make use of the Tsubaki Group's resources.

Main Initiatives

- Participating in and cosponsoring community events
- Charity activities, volunteer activities at food bank, etc.

We strive to solve social issues and create value through co-creation with our stakeholders.

E

Environmental Management

The Group addresses a variety of issues through its Environmental Philosophy of contributing to the development of a sustainable society by generating environmental value and economic value through manufacturing. In particular, we will address the issue of climate change, which we view as a priority issue of the utmost urgency, by closely monitoring international standards and market and customer trends.



Please refer to our website for details on our environmental management.
<https://tsubakimoto.com/sustainability/environment/>



Environmental Medium- to Long-Term Targets

As climate change progresses, the Group recognizes that reducing total CO₂ emissions is a key social issue, and is carrying out activities according to autonomous environmental action plans to meet medium- and long-term environmental targets.

We have already met our medium-term targets for reduction of domestic Scope 1 and 2 emissions and ratio of renewable energy used, and are carrying out activities to accomplish our long-term global target (a 42% reduction of CO₂ emissions by fiscal 2030 compared to fiscal 2021.)

▶ CO₂ Emissions Reduction Targets

Indicator	Scope	Medium-term Target (FY2025)	Long-term Target (FY2030) ³	FY2050 Target
Scope 1 + 2 ¹ emissions reduction rate	Domestic	30% (compared to FY2013)	42% (compared to FY2021)	Carbon neutrality
	Overseas	20% or more (compared to FY2018)		
Scope 3 ² emissions reduction rate	Global	—	25% in Category 1 and 11 (compared to FY2021)	
Ratio of renewable energy consumption	Domestic	30% or more of electrical power used	Set when formulating the next Mid-term Management Plan is formulated	100% of power consumption

¹ Scope 1: Direct emissions of greenhouse gases by the business operator itself (fuel combustion, production processes). Scope 2: Indirect emissions associated with the use of electricity, heat, and steam supplied by other companies

² Scope 3: Indirect emissions other than Scope 1 and Scope 2 (emissions of other companies related to the activities of the business operator). Our SBT certification will cover greenhouse gas emissions in activities related to purchased products and services, as well as use of products sold.

³ Long-term targets were revised in 2024 following the acquisition of SBT certification in 2023.

Management System

The Tsubaki Group Environmental Committee takes the lead in carrying out the Group's environmental management activities under the supervision of the Sustainability Committee, which is chaired by the COO.

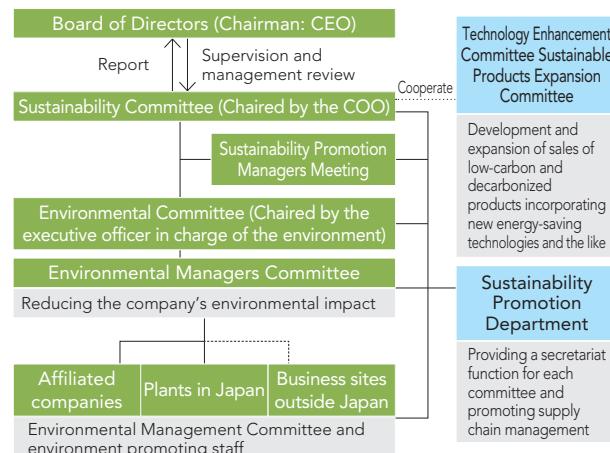
The committee is chaired by the executive officer in charge of environment and comprises general managers of our business segments as well as representatives of Group companies in Japan. The committee addresses the Group's environmental issues, such as climate change, from a medium- to long-term perspective. We assign Environmental Promoting Staff to domestic business sites as well as overseas business sites who collaborate with the Sustainability Promotion Department.

Since fiscal 2023, we have been carrying out Group-specific environmental activities through the use of the Tsubaki Group Global Environmental Management Manual. The status of compliance with environmental laws and regulations and various environmental data are regularly

To achieve our global target, in addition to improving energy saving and energy efficiency in our production activities and proactively introducing renewable energy, we have begun deliberations about using low-carbon materials in an effort to reduce Scope 3 emissions. We will also expand the Tsubaki Group's Sustainable Products that contribute to solving environmental and social issues and utilize the entire value chain to contribute to the creation of a sustainable society.

reported to the Sustainability Promotion Department, leading to improvements in environmental activities across the entire Group and timely disclosure of information.

▶ System for Promoting the Environment



E Environmental Management

Response to Climate Change

Responding to climate change is a high priority matter in the Tsubaki Group's medium- and long-term management plans. The Group has joined together and is working to achieve the long-term target of striving to limit the rise in global average temperatures since the industrial revolution to 1.5°C, and keeping it well below 2°C that was established by international consensus in the Paris Agreement.

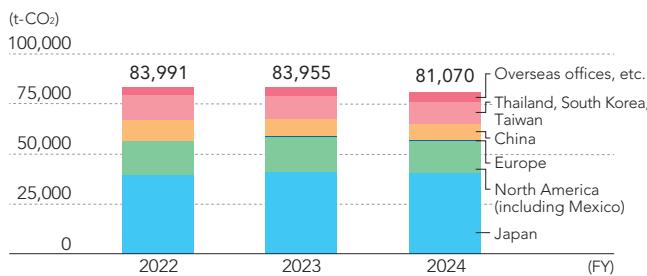
The Group started the purchase of carbon-free power with a non-fossil certificate in fiscal 2022, acquired SBT certification in fiscal 2023, and has introduced internal carbon pricing (ICP) as we step up our efforts to promote ESG management.

Much of the energy used in the Group's manufacturing is concentrated in the production process. Consequently,

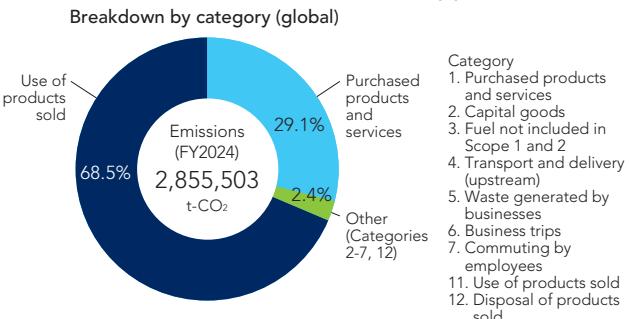
we are improving energy efficiency by proactively installing energy-saving production equipment, applying thermal insulation coatings to our main plants, reviewing the operating conditions of compressors, and implementing air leakage countermeasures. Furthermore, our various measures to reduce CO₂ emissions include expanding the use of renewable energy by proactively installing solar power generation equipment in new and renovated plants and adopting LED lighting.

In particular, at the Saitama Plant, which is positioned as an Environmental Model Plant, through the installation of solar panels and the purchase of carbon-free power with a non-fossil certificate, we have achieved a renewable energy usage rate of about 41%.

► CO₂ Emissions: Scope 1 and 2 (Global)



► CO₂ Emissions: Scope 3 (CO₂ emissions generated in the supply chain)



* CO₂ emissions factors for domestic power use are the "alternative value" of the "emission coefficient by electric utility" published by the Ministry of the Environment.

Information Disclosure in Accordance with the TCFD

Climate change can present major physical risks from rising temperatures to more intense weather events. From a business perspective, while the transition to decarbonization poses a risk that could have a significant impact on the Group's business operations, business domains, and product concepts, we recognize that the implementation of appropriate countermeasures will provide opportunities to strengthen our corporate structure, improve competitiveness, and develop new markets and business opportunities.

In recognition of these circumstances, in March 2022, the Group announced its support of the Task Force on Climate-related Financial Disclosures (TCFD). Utilizing the information disclosure framework recommended by the TCFD, which includes the risks and opportunities posed by climate change, we will identify and evaluate our own risks and opportunities and reflect the relevant countermeasures in our business strategies. Furthermore, we verified stakeholder requirements and the progress of our own initiatives, and conducted the assessment of the importance.

Governance

□ Please refer to "Management System" on P37.

Strategy

Classifying the impacts of climate change into transition risks and physical risks, we have assessed the importance of each of the anticipated risks and opportunities in terms of the magnitude and duration of the impacts.

We have also analyzed the impact on the Group's financial indicators by assuming a society in 2030 based on two scenarios: one in which the temperature rise is limited to within 1.5°C through a transition to a decarbonized society, and a scenario in which the temperature rise reaches 4°C.

Both scenarios involve numerous risks and opportunities associated with climate change, which will impact net sales and profits both positively and negatively. The single most important issue for us could be considered to be how to minimize the risks and maximize the opportunities, and we have therefore formulated measures in response to risks and opportunities (refer to P40).

In particular, we have identified three categories of opportunities according to Long-Term Vision 2030—improvement of profitability of existing businesses, expansion of businesses due to innovative growth, and new growth (new businesses)—and are deliberating on measures to be taken.

Risk Management

The Sustainability Committee periodically verifies and reviews the assessments of the importance of material issues related to ESG-related issues. In addition, efforts to address each issue through PDCA cycles are implemented within each committee organization.

The Environmental Committee evaluates the importance and priority of environmental issues based on

their degree of importance to stakeholders and their degree of relevance and impact on our business. The degree of importance to stakeholders is evaluated based on the magnitude of the negative side (risks to be reduced) and the positive side (opportunities to improve financial indicators).

The Environmental Committee verifies the demands of stakeholders and the progress of the Company's initiatives and periodically evaluates the importance of environmental issues, including climate change. Important matters are submitted to the Sustainability Committee for consideration.

Indicators and Goals

Quantitative and qualitative targets have been set for key issues in Long-Term Vision 2030 and Mid-Term Management Plan 2025, which were set in fiscal 2021.

The long-term target for CO₂ emissions is a 42% reduction compared to fiscal 2021, and the actual result in fiscal 2024 was a 22.2% reduction. As for the mid-term target by fiscal 2025, the domestic reduction target was 30% compared to fiscal 2013 and the actual result was a reduction of 38.2%, while the overseas reduction target was 20% compared to fiscal 2018 and the actual result was 21.3%.

Relative to the previous fiscal year, in Japan, due to a strong focus on purchasing carbon-free power with a non-fossil certificate and carrying out various energy saving activities, while production increased by 2.4%, CO₂ emissions decreased by 0.9%. Overseas, we advanced the introduction of carbon-free power, primarily through the installation of solar panels at sites under our Mobility Business, resulting in a 5.8% reduction in CO₂ emissions.

► Indicators and Goals

	Indicator	Scope	Medium-term target (FY2025)	Long-term target (FY2030)*	FY2050 Target
Quantitative goals	Scope 1 + 2 emissions reduction rate	Domestic	30% (compared to FY2013)	42% (compared to FY2021)	Carbon neutrality
		Overseas	20% or more (compared to FY2018)		
	Scope 3 emissions reduction rate	Global	—	25% in Category 1 and 11 (compared to FY2021)	
	Ratio of renewable energy consumption	Domestic	Minimum of 30% of power consumption	To be determined when the next Mid-term Management Plan 2030 is formulated	100% of power consumption

* This target was changed following SBT certification in 2023.

E Environmental Management

Measures in Response to Risks and Opportunities

• Measures in Response to Risks and Opportunities

Categories		Response Measures		Magnitude of Risk	
Sub-Categories	Risk/Opportunity Categories	Companywide Management Systems	Business (Plant) Operations	1.5°C	4°C
Transition Risks	Government policies, laws, and regulations	<ul style="list-style-type: none"> Rising carbon prices Carbon emission targets Energy-saving policies Subsidies for renewable energy <ul style="list-style-type: none"> Setting CO₂ emission reduction targets according to the Paris Agreement and promoting reduction initiatives throughout supply chain Information gathering on carbon-neutral policies inside and outside Japan, and taking measures Introduction of an internal carbon pricing system and phased reviews on price 	<ul style="list-style-type: none"> Construction of smart factories (improved productivity, efficiency and zero loss) utilizing DX technology Strengthened energy management Implementation of Scope 3 emissions reduction initiatives from life cycle assessment (LCA) perspective Monitoring and complying with climate-change-related laws and regulations in all countries and regions Promotion of green procurement 	High	Medium/Low
	Market trends	<ul style="list-style-type: none"> Changes to energy mix Transition to a decarbonized society <ul style="list-style-type: none"> Upfront investment in improvements and development of new products for promoting carbon neutrality Planned introduction of renewable energy (in-house power generation, PPAs, and the purchase of carbon-free electricity) 	<ul style="list-style-type: none"> Monitoring and considering the introduction of new energy technologies (e-methane, nitrogen, and hydrogen, etc.) Increase in the market share of existing products for hybrid electric vehicles (HEVs) and plug-in hybrid electric vehicles (PHEVs) as transitional technologies Development of a heat treatment technology (using hydrocarbon/hydrocarbon-free gas) that without emission of CO₂ Development and sale of chains incorporating materials requiring no heat treatment Development and market launch of clutch products for various electrification processes (BEVs, etc., personal mobility equipment) Establishment of technologies for recovery/utilization of hydrogen from the exhaust gas 	High	Medium/Low
	Technological development	<ul style="list-style-type: none"> Technologies for energy saving and decarbonization <ul style="list-style-type: none"> Promotion of development of energy-saving and decarbonization technologies (reinforcing organizational strength, upfront investment) 	<ul style="list-style-type: none"> Research on new decarbonizing technologies and new materials through close monitoring of the energy industry 	High	Low
	Evaluation and assessment	<ul style="list-style-type: none"> Changes in evaluations from stakeholders <ul style="list-style-type: none"> Enhancing information disclosure to evaluation organizations such as the CDP climate change program Enhancing disclosure of climate-change-related information, including scenario analyses Balancing of sustainability management practices with an assured minimum dividend payout ratio of 35% or more 	<ul style="list-style-type: none"> Improving customer satisfaction by strengthening initiatives from the LCA perspective of each customer Strengthening communication with customers to achieve faster identification of needs 	Medium	Low
	Chronic damage	<ul style="list-style-type: none"> Rising temperatures Considering the introduction of daylight saving time 	<ul style="list-style-type: none"> Implementation of heat stroke countermeasures in plants by reducing heat transmission from heat treatment furnaces Enhancing heat stroke countermeasures by installing air conditioning in plants and offices Proactively investing upfront for improvement of work environment and work-style 	Medium	High
	Acute damage	<ul style="list-style-type: none"> Rising sea levels Reflecting the risk of sea levels rise in the evaluation of location conditions for new business establishments 	<ul style="list-style-type: none"> Reflecting the selection of maintenance (after-sales service) base 		
Physical Risks	Acute damage	<ul style="list-style-type: none"> Abnormal weather (wind and flood damage) Controlling spending in response to emergencies by strengthening adaptation measures for natural disasters (business continuity planning for production and the supply chain) 	<ul style="list-style-type: none"> Consideration of measures for international business sites with high flood risk Improving adaptability of plants and service bases, strengthening business continuity planning, securing appropriate inventory, engaging in joint purchases with multiple companies Improving resilience in AI center and maintenance service network 	Medium	High

• Measures in Response to Opportunities

Categories		Response Measures		
Sub-Categories	Risk/Opportunity Categories	Identifying Measures to Improve Profitability of Existing Business	Identifying Measures to Achieve Business Expansion through Innovative Growth	Direction of New Growth (New Businesses)
Transition Opportunities	Government policies, laws, and regulations	<ul style="list-style-type: none"> Rising carbon prices Carbon emission targets Energy-saving policies Subsidies for renewable energy <ul style="list-style-type: none"> Reducing costs through thorough energy-saving activities Reducing costs of materials, parts, energy, processing, transportation, etc. through Scope 3 emissions reduction initiatives Production planning and factory restructuring based on carbon taxes in countries around the world Utilizing DX technology to promote automation and labor saving, and adopting innovative manufacturing to achieve zero loss, high-efficiency production, and improved utilization of human resource potential Considering the efficient use of renewable energy subsidy system in locations around the world 	<ul style="list-style-type: none"> Transforming into a Linked Automation plant that fully employs advanced IT technology Developing and expanding sales of Sustainable Products 	<p>Social issues to be addressed under Long-Term Vision 2030 and direction of new business development for solving the issues</p> <p>▼</p> <p>(1) Creating a people-friendly society - Medical care, health, and aging - Building infrastructure</p> <p>(2) Building a safe and secure infrastructure for living - Sustainable economic growth - Disaster prevention and urban development</p> <p>(3) Creating a earth-friendly society - Global environment - Resources and energy</p> <p>Examples:</p> <ul style="list-style-type: none"> Electric-assist tricycles (LA SI QUE) Next-generation electrification products - e-unit (electric power-assisted units for outside sales) Creating carbon credit business
	Market trends	<ul style="list-style-type: none"> Changes to energy mix Transition to a decarbonized society Technologies for energy saving and decarbonization <ul style="list-style-type: none"> Expansion of the renewable energy infrastructure business Developing and gaining market share for improved environment-friendly products (compact, lightweight, and low friction) Expanding sales of linear actuators as part of equipment electrification amid the transition away from hydraulic and labor savings, and adopting pneumatic systems Expanding sales of V2X bi-directional EV charging systems (eLINK) Expanding the market for carbon-neutral fuel-compatible products for markets in the Global South Promotion of low-carbon manufacturing through the reformation of production processes 	<ul style="list-style-type: none"> Increasing sales through continuous development of sustainable and carbon-neutral products Development and market launch of ICE-compatible new fuel products (e-fuel, hydrogen, etc.) Development, utilization, and market launch of new personal mobility products Development and market launch of in-vehicle products for electric vehicles (parking locks, disconnect functionality, overload protection) Development of Smart Motion Units Providing solutions for new automobile manufacturing plants Developing environment-friendly plastics and incorporating them in products 	
	Technological development	<ul style="list-style-type: none"> Changes in evaluations from stakeholders <ul style="list-style-type: none"> Increasing market share and improving profitability by steadily improving the Quality, Cost, Delivery, Safety, and Engagement (QCDE) elements of existing businesses Enhancing corporate value by achieving climate-change-related goals Improving external evaluations and trust from stakeholders through appropriate information disclosure 	<ul style="list-style-type: none"> Streamlining sales activities by introducing digital marketing Promoting technical collaborations for the development and acquisition of new technologies 	
	Evaluation and assessment	<ul style="list-style-type: none"> Rising temperatures Rising sea levels 		
	Chronic damage	<ul style="list-style-type: none"> Rising temperatures Rising sea levels <ul style="list-style-type: none"> Engaging in external public relations regarding work environment and improvement of work-style Engaging in public relations regarding workplace environment through automation of production process and remote operation Expanding sales of products for seawalls and waterproof doors in response to rising sea levels 		
	Acute damage	<ul style="list-style-type: none"> Abnormal weather (wind and flood damage) Expansion of sales in disaster preparedness related market 	<ul style="list-style-type: none"> Development of agricultural technologies resilient to climate change (automation, vegetable factories) 	

Initiatives for a Recycling-Oriented Society and Pollution Prevention

The Group is advancing initiatives designed to realize a circular economy with a low environmental impact by

creating higher economic value through the reduced use of resources while promoting the reduce, reuse, recycle (3R)

approach. Specifically, in addition to the reduction of waste (including both industrial and general waste) and an enhancement of recycling rates, we have set total weight of waste discharged, encompassing sale of valuable resources, as a management metric and we are working to reduce it.

Following the efforts in fiscal 2023, we continued to reduce emissions at each business site in fiscal 2024. Although waste increased slightly due to increased production, this was offset by a greater decrease in the sale of valuable resources. As a result, total emissions decreased by 1,867 tons compared to fiscal 2023.

► Waste Emission and Recycling Rate

	FY2023	FY2024
Total waste	25,218t	23,351t
(Industrial and general waste)	4,871t	4,999t
(Sale of valuable resources)	20,347t	18,352t
Recycling rate (fiscal year average)	98.6%	97.9%

• Scope: 11 major manufacturing sites in Japan (overseas data is not included, as the definitions of waste differ from country to country)

Furthermore, the group has been strengthening its efforts concerning hazardous chemical substances to ensure that customers can use our products with peace of mind. Specifically, we are promoting not only compliance with domestic and international regulations, but also investigations into the chemical substances contained in our products and the reduction of chemical substances in our manufacturing processes.

With regard to management of chemical substances in our products, we are identifying the substances in our raw materials, parts, and other materials used, and working together with customers to gain a detailed understanding of the usage of hazardous chemical substances, establish permissible levels, and continuously reduce usage. We also distribute our Green Procurement Guidelines to our major suppliers, which clearly state the laws and regulations applicable to hazardous chemicals, substance names, standard values, and other information. We encourage our suppliers to understand the importance of controlling chemical substances and cooperate with us in reducing their use.

► EcoFactory Certification System

The Group has operated a proprietary EcoFactory Certification System for its domestic business sites since fiscal 2018 in order to steadily accomplish our long-term environmental targets by 2030. Management indicators and milestones have been set for each theme—climate change, resource recycling, and coexistence with nature—and factories that meet the criteria receive one of three levels of certification: Platinum, Sapphire, and Diamond. This system encourages self-directed improvement, and the whole Group is working together on environmentally-conscious management.

Upon obtaining SBT certification in June 2023, we changed the baseline year for our climate change

management indicators from fiscal 2013 to fiscal 2021. We also began measuring by intensity criteria instead of total emissions volume so that we can more accurately evaluate the results of our autonomous measures to reduce emissions.

FY2024 EcoFactory Certification

- **Diamond Rating:** Tsubakimoto Chain (Hyogo Plant)
- **Sapphire Rating:** Tsubakimoto Chain (Kyotanabe Plant), Tsubakimoto Custom Chain, Tsubakimoto Mayfran, Tsubakimoto Iron Casting, and Tsubakimoto Sprocket
- **Platinum Rating:** Tsubaki Yamakyu Chain, Tsubakimoto Chain (Nagaokakyo Plant)

► EcoFactory Certification Criteria

Theme	Management indicator	Certification criteria		
		Platinum	Sapphire	Diamond
Climate Change	(1) CO ₂ emission intensity (compared to FY2021)	10% reduction	15% reduction	30% reduction
Resource Recycling	(2) Total external emissions (per unit of production compared to FY2017)	5% reduction	10% reduction	15% reduction
	(3) Total disposal/recycling rate	More than 98%	More than 98.5%	More than 99%
Coexistence with Nature	(4) Reduction in atmospheric emissions of substances subject to PRTR system (compared to FY2017)	—	5% reduction	10% reduction
	(5) Improved greening rate of plants	—	At least 2% pt of the standard for the relevant municipality	At least 4% pt of the standard for the relevant municipality
	(6) Effective use of water resources	—	5% reduction	10% reduction



Human Resource Management

People are the most vital component of our management base, and we cannot expect to achieve sustainable growth of the Company without growth of our employees. We are working to develop a personnel system and working environment where all employees can work positively and vigorously and with peace of mind based on our mindset that the advancement of diverse human resources will enable us to better adapt to external changes and create new innovations.



Please refer to our website for details on our human resource management.
<https://tsubakimoto.com/sustainability/society/employees/>



Respect for Human Rights

The Tsubaki Group considers respecting the human rights of all people involved in our business activities to be an important aspect of corporate social responsibility. We have established a Basic Human Rights Policy, which is based on international norms such as the United Nations' Guiding Principles on Business and Human Rights and the Universal Declaration of Human Rights. We are striving to make this Policy well-known and understood in the Tsubaki Group companies in Japan and overseas, and to promote respect for human rights throughout the entire Group.

In fiscal 2024, we expanded the scope of our human rights due diligence to include domestic Group companies and our main domestic suppliers. We are also carrying out activities to raise awareness about business and human

rights among domestic Group companies and our main suppliers and utilizing the e-learning system provided by the UN Global Compact Academic to personnel in charge of human rights at domestic and overseas Group companies to promote understanding and deepen awareness.

► Human Rights Due Diligence Conducted

	FY2022	FY2023	FY2024
	Respondents (response rate)	Respondents (response rate)	Respondents (response rate)
The Company and domestic and overseas Group companies	32 companies (100%)	—	31 companies (100%)
Domestic suppliers	—	191 companies (77.6%)	349 companies (81.7%)

Promotion of Diversity

The Group is building on its policy of roles and results that reward employees' effort to promote reforms of its employee system with a focus on diversity to get the best from every employee. We strive to be a company where a variety of people can work positively and vigorously and with peace of mind while being fairly evaluated without regard to nationality, gender, or age.

Active Participation of Women

At Tsubakimoto Chain, we are aiming to further increase the percentage of women at the Company (10.0% as of April 1, 2025) by actively encouraging applications from various high schools and universities. Simultaneously, we are enabling women to deepen their understanding of our working environment through efforts such as women introducing their jobs at explanatory meetings. Additionally, we are promoting the advancement of women by sending employees to external seminars on active participation by women and proactively providing opportunities for promotion to outstanding employees, irrespective of gender.

Active support for balancing work with childcare

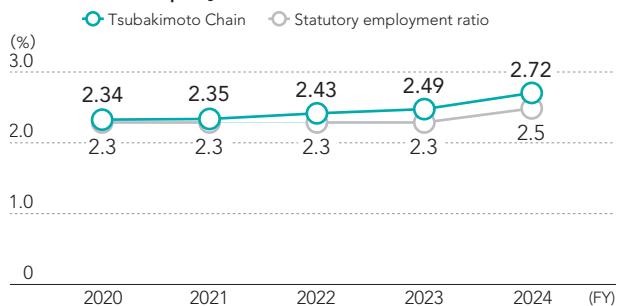
We are creating an environment that makes it easier to take childcare leave by raising awareness of the childcare leave system within the Company and educating management-level employees. As a result of measures such as restructuring our remote working system, the rate of return to work after taking maternity/ childcare leave in FY2024 was

92.5%. The number of male employees taking childcare leave increased to 34 with a leave acquisition rate of 45.9% (an increase of 4.3 points year-on-year). Additionally, we have issued a Maternity Leave and Childcare Leave Handbook and are working to systematically disseminate it.

Promotion of the Employment of People with Disabilities

We are striving to expand work duties available for people with disabilities and create an environment where they can work together with other employees. We are working to provide people with disabilities with a wide range of work roles where they can use their individual attributes, including manufacturing, administrative work, facility maintenance and management, and health management. In fiscal 2024, the Company received the Kyoto Prefecture Governor's Award for Excellent Employment of People

► Ratio of Employees with Disabilities



with Disabilities for our initiatives in areas such as building accessible work environments. This level is not our end goal; we consider employment of people with disabilities to be a core element of diversity, and are working to invigorate our organizations and create new innovations through these measures.

Active Participation of Seniors (under the Japan Law)

At Tsubakimoto Chain, in 2020, we introduced an Age 65 Retirement System that extends the retirement age from 60 to 65 years old. With the introduction of this system, we have also improved our treatment of older employees and, as a result, have maintained a high retention rate of

around 90%. We have enhanced our career training program for employees at the age of 50 to motivate more of our older employees to continue working for us.

Expanding the Employment of Non-Japanese

We have been striving to expand the employment of non-Japanese employees with the aim of introducing diverse ways of thinking to stimulate innovation and business growth. Our target for fiscal 2030 is to employ 85 non-Japanese employees (as of the end of March 2025, we have 33 non-Japanese employees and one non-Japanese executive). We are also actively carrying out an initiative aimed at accepting interns from overseas universities.

Cultivation and Utilization of Human Resources

In developing human resources, we are investing in the people who will drive our business toward achieving the goals of our Long-Term Vision 2030 and taking active steps to create opportunities.

We aim for employees to embody the Code of Conduct, which is set out in our corporate philosophy, Tsubaki Spirit, in their daily work: "Continuously take on challenges with a desire for self-betterment," "Constantly acquire advanced skills, and continuously seek to enhance them," and "Be able to take action under your own responsibility." We support the steady growth of our employees of all job types, such as providing them with various opportunities for training and education in a systematic and scheduled manner, as well as providing a human resources training and education roadmap every five years for entry-level employees.

Cultivation of Entry-Level Engineers

Opened in 1998 with the aim of passing on expertise to the next generation and reinforcing technical skills, the Tsubaki Techno School conducts practical training using our original curriculum. We are also developing digital transformation human resources through scheduled DX training and microcomputer training in line with our business strategies. We are also providing growth opportunities to entry-level and mid-level engineers by sending them to external seminars where they can learn advanced technologies and technical sales and network with engineers outside the Company.

Besides this training, we are, through a Technology Forum at which departments present their latest

technologies, widening opportunities for employees to share ideas, interact, and engage in co-creation in a way that transcends departments.

Improvement of *Monozukuri* Skills

The Group is making efforts to pass down and reinforce *monozukuri* (manufacturing) skills by cultivating technicians and establishing systems such as a processing training program and the qualification of Master Craftsman to pass down the Company's unique technologies and skills. The Tsubaki Technical Skills Olympics have served as a platform for the mutual study and presentation of these skills. Overseas Group companies also take part in this event, and this helps unify the Group and invigorate our organizations via exchange between different business divisions and between Japan and overseas, in addition to fostering technical skills.

Cultivation of Global Human Resources

In fiscal 2024, the Tsubaki Group's total net sales that came from outside Japan grew to 65.3% and the ratio of Group employees working at locations outside Japan grew to 50.9%. The cultivation and strengthening of globally minded human resources is therefore a task of extreme importance for the Group. Under our global trainee system that allows entry-level Japanese employees to be assigned to subsidiaries outside Japan for one year of training, we accepted a trainee from a German subsidiary for half a year in fiscal 2024. We are also actively accepting assigned employees from overseas Group companies to develop global personnel, strengthen employees' technical skills, and foster mutual understanding.

► Human Resources Training System

Level-specific training	For entry-level employees: Group training for new employees, 6-month follow-up, teamwork training, critical thinking training, training on QC methods Mid-level employees: Training at the time of promotion, leadership training, evaluator training Managers: Training at the time of promotion, new assignment follow-up, high-level manager training (external), executive-level training, management candidate training (external)
Function-specific training	Techno School, Skills School, Business School, data literacy, digital transformation, intellectual property/trademarks/domestic contracts and English contracts
Global	Overseas foreign language training, English skills improvement training, global human resources training program, global trainee system
Life planning	Career planning, life planning
Specific purposes	Mental health, compliance, health and safety, environment, information security, human rights, supplier management, external exchange, sending employees to universities, mid-career hire new-arrival training, self-improvement support

S Human Resource Management

Improving Employee Engagement

The Group is actively engaged in a variety of activities aimed at enhancing employee engagement by ensuring that Tsubaki Group employees can work in environments that are physically and psychologically safe and easy to work in, understand and feel invested in the Company's mission, and work autonomously to achieve it.

Communication between Senior Management and Employees

We implement activities to deepen our employees' understanding of Tsubaki Spirit and inspire action. These include messages from the President, various opportunities for learning and training, and sending out information in a company newsletter and on the company intranet. We actively create opportunities for management and employees to talk and facilitate active two-way communication.

Supporting Employees' Participation in Business

In fiscal 2022, we launched T-Startup, a new business proposal contest. In this internal venture system, we collect submissions of new business proposals from employees. If a proposal passes the judges', screenings, the employee who submitted the proposal becomes the leader of a project to develop the proposal into an actual business. In fiscal 2024, the third year, we received 40 proposals from Tsubaki employees in Japan and overseas. The six teams that made it through to the second screening gave presentations on their respective proposals, which were live streamed online internally. As a result, all six business proposals were selected and commercialization commenced. Progress on the six commercialization projects that began from fiscal 2022 onward was also shared at our presentation of new business development topics. In addition to creating new businesses, our internal venture system is a way to boost employees' motivation and encourage them to take on new challenges in the Company.

Employee Awareness Survey

Tsubakimoto Chain has been implementing a survey on employee awareness once every two years. The survey is for Tsubakimoto Chain employees in Japan, and includes nine items. We regularly monitor the progress of our employees and the organization through this survey. The results are reported within the Company to ensure that our organizational operations reflect the voices of our employees, with the goal of creating a better working environment. In fiscal 2024, job satisfaction (3) was 51.4%, a 1.6% increase from fiscal 2022, and satisfaction toward the Company (8) was 58.5%, a 1.5% increase.

Survey items (broad categories)	(1) Workplace environment (2) Workplace atmosphere (3) Job satisfaction (4) Guidance and evaluation of employees (5) Corporate philosophy and management policies (6) Tsubaki brand (7) Initiatives for SDGs (8) Satisfaction toward the Company (9) Work style
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As part of our environmental improvements, the following measures were implemented in fiscal 2024.

- Amended the rules for travel expenses and enhanced licensing bonus system
- Revitalized the in-house recruitment system aimed at promoting career autonomy
- Conducted training and introduced support tools to facilitate smooth communication with subordinates
- Work-from-home system (promoting flexible working styles, support for balancing child care and nursing care with work, etc.)
- Implemented appropriate management of work hours



Presentation of new business development topics under T-Startup, our new business proposal challenge (December 2024)

COLUMN Update management training for section heads

Update management training is provided to section heads as practical training. It involves seminars and group discussions on themes such as compliance risks and skills for communicating with subordinates. The goal of the training is to improve both communication with subordinates and organizational operations capabilities. The implementation of this training will lead to the creation of safe and secure workplaces in which there are no industrial accidents or deception about quality.



Creating Safe and Secure Workplaces

Health and Safety Management System

The Group has established the Tsubaki Group Health and Safety Committee to supervise health and safety activities for the Group as a whole. The Committee promotes health and safety activities according to our Health and Safety Activities Plan.

Specific health and safety activities are based on the following three pillars that make up our framework, to improve the safety level of the whole Group so that everyone who works for the Group can go home safe each day.

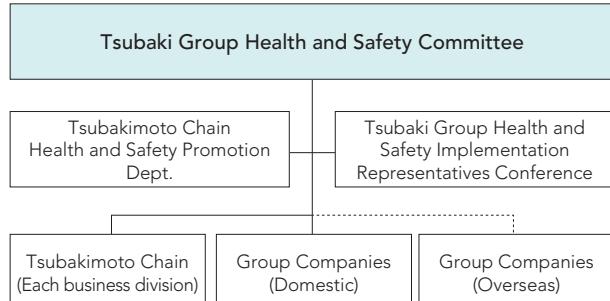
- (1) Risk management: Promotion of risk assessment activities to prevent serious accidents
- (2) Building/environmental maintenance: Development and implementation of machinery and equipment safety guidelines that aim to realize the fundamental safety of machinery
- (3) Safety training: Cultivation of safety-oriented personnel who understand and follow basic safety protocol at all times

Health and Safety Initiatives (FY2024)

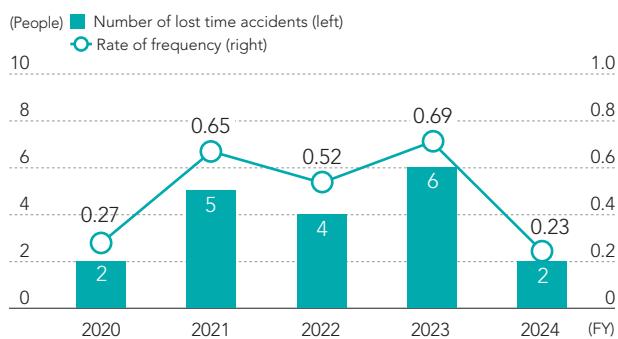
The three pillars of the Group's health and safety initiatives are (1) Activities to prevent serious accidents, (2) Machine safety, and (3) Development of safety-oriented personnel. For the purpose of (1), RA_2024 was held. Videos about work where serious accidents could occur were made to facilitate assessment of potential risks and measures to reduce risks. An RA presentation was also held for health

and safety personnel from each division. This presentation proved extremely effective for sharing observations, and we will continue to hold it to improve the caliber of our safety activities.

▶ System for Health and Safety Management



▶ Industrial Accidents (Domestic)



Promotion of Health and Productivity Management

In keeping with our recognition that people are the greatest foundation of management, the Group has been developing health promotion initiatives that prioritize the health and safety of employees. In August 2022, the Group formulated its Health and Productivity Management Declaration and Basic Policy on Health and Productivity Management in an effort to strengthen activities in this regard in light of changes in the internal and external environment. We aim to become a company with a pleasant working environment that enables employees to work positively and vigorously and demonstrate their initiative and creativity by promoting health and productivity management that also encompasses the families of employees from the two perspectives of individual health and organizational health.

In fiscal 2024, we launched a portal site for health information and training to improve health literacy, and held activities such as an event for improving sleep habits, centering on the physical and mental benefits of sleeping well, and a workshop on nutrition. As a result of these

activities, we were recognized as a 2025 Certified KENKO Investment for Health Outstanding Organization (large enterprise category) for the second consecutive year.

With the continued goal of offering our employees the opportunity to play active roles and demonstrate their independence and creativity while ensuring that all employees enjoy their work, we are promoting health management in a collective endeavor between the Company, our health insurance provider, and the employees' union. We approach this topic from two perspectives: healthy individuals and a healthful organization.



A workshop on nutrition (Osaka head office)

S Supply Chain Management

The Tsubaki Group works together with suppliers to realize high-quality manufacturing and a sustainable society, and through our procurement activities, we strengthen partnerships and contribute to the realization of a sustainable society.



Please refer to our website for details on our supply chain management.
<https://tsubakimoto.com/sustainability/society/supplier/>



Promotion of Sustainable Procurement

The Tsubaki Group is carrying out procurement activities according to our Basic Procurement Policy, which covers fair and equitable dealings, developing relationships of mutual trust, promotion of developmental procurement, legal compliance (safeguarding of confidential information), prioritizing the environment (green procurement), and conflict minerals. Through cooperation with our partner companies (suppliers), we are working to contribute to the building of a sustainable society.

Initiatives for Sustainable Procurement

In order to realize a sustainable society, it is essential to engage in sustainability efforts throughout the entire supply chain. We established the Tsubaki Group Supplier Sustainability Guidelines in 2020 to further promote collaboration with our suppliers. We distribute these guidelines to our major suppliers and ask them to commit to sustainable procurement throughout their supply chains.

We have conducted an online survey for our major suppliers to check the status of their sustainability and human rights practices since fiscal 2023. The results of the 2024 survey did not reveal any serious concerns, but we found that there were relatively few environmental activities, such as reduction of CO₂ emissions, and

initiatives related to systems for emergencies such as natural disasters.

Going forward, we plan to successively expand the scope of the survey and support activities to resolve issues found through the survey.

Carbon Neutrality Initiatives and Promotion of Green Procurement

The Group is working to reduce CO₂ emissions throughout its supply chain with the aim of achieving carbon neutrality in 2050. In addition to checking on major suppliers' CO₂ emission records, we conduct plant tours etc. to introduce the Company's activities. We are also working on initiatives according to our Green Procurement Guidelines, which promote the purchasing of materials and components with low environmental impact.

► Requests Concerning Green Procurement

	Requests/Orders	Raw materials, parts, packaging materials, sub-materials, etc.	Jigs, tools, production equipment, etc.
Prerequisite	(1) Compliance with environmental laws on products and business activities	Required	
	(2) Management of hazardous chemical substances	Recommended*	
What we ask of business partners	(1) Establishment of an environmental management system		
	(2) Reduction of greenhouse gases	Recommended	Recommended
	(3) Promotion of resource recycling		
	(4) Effective use of water resources	Optional	Optional
	(5) Environmentally friendly design and product proposals	Recommended	Recommended

* Management of hazardous chemical substances is required in the event of hazardous chemical substances scattering or falling from equipment onto products or in the event of hazardous chemical substances becoming attached to or transferred onto products through contact with equipment.



Plant tour held for suppliers (Saitama Plant)



The specific activities at the manufacturing site were explained during the plant tour

Quality Management

With the words of our founder, "making quality products," as the starting point of our manufacturing, the Tsubaki Group is dedicated to maintaining and improving the Tsubaki brand as a manufacturing company through the pursuit of superior quality and thorough quality management.



Please refer to our website for details on our quality management.
<https://tsubakimoto.com/sustainability/society/products/>



Quality Management

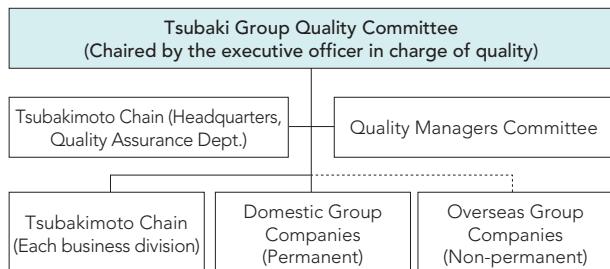
Making quality products is the founding principle of the Tsubaki Group, and continues to be ingrained in our DNA to this day. Under our Basic Quality Policy of "We do not pass defects on to the subsequent job process. We will all follow the rules, and make quality products," we are dedicated to maintaining and improving the Tsubaki brand as a manufacturing company through the pursuit of superior quality and thorough quality assurance.

System for Promoting Quality Management

We have established a system for promoting quality management led by the Tsubaki Group Quality Committee. In 2018, to further ensure the effectiveness of these efforts, we established the Quality and Environmental Promotion Department (currently the Quality Assurance Department) as a headquarters operation that oversees the entire Group, and with the Quality Managers Committee as a cross-organizational implementation body.

In addition to traditional quality assurance activities in each division, the Company conducts audits from a

► System for Promoting Quality Management



third-party perspective, formulates Group quality guidelines, and implements cross-organizational activities to improve quality. Through such methods, we aim not only for zero defects in quality but also to strengthen our system and adhere to our promises to our customers. In doing so, we are strengthening our governance of quality management while maintaining and improving the Tsubaki brand.

Initiatives for Providing Safe and Reliable Products

The Group has obtained ISO 9001 certification, the international standard for quality management systems, at its manufacturing bases in Japan (including Group companies) and major manufacturing bases overseas. As such, we have established a framework for quality management based on the ISO.

We also aim to improve quality management skills by developing level-specific education on quality and improvement in our Companywide educational system. As we move forward, we will enhance quality management specialist education centered on the Quality Assurance Department, such as providing education on statistical methodology, nurturing lecturers, and promoting the acquisition of quality control examination certificates as well as implementing initiatives such as quality training fieldwork for participants from Group companies for a period of one or two years. At the same time, we are operating a cross-Group improvement proposal system and fostering a culture of everyday improvements among all employees, and are deploying these improvements to other areas in order to maximize their effects.

COLUMN

Excellent Supplier Awards Received from Automobile Manufacturers Around the World

Mobility Operations has received Excellent Supplier awards from automobile manufacturers around the world for their excellent quality. In fiscal 2024, Tsubaki Automotive Czech, a Czech subsidiary of the Company, received the Supplier Quality Award from Toyota Motor Europe NV/SA. Mobility Operations received a total of five other supplier awards, including those won in Japan.



G Corporate Governance

The Tsubaki Group regards enhancing corporate governance as one of its most important management tasks for creating value for customers and contributing to society. We have established a basic policy encapsulating this principle, and endeavor to realize this policy and further improve our corporate governance.



Please refer to our website for details on our Basic Corporate Governance Policy and other governance-related matters.
<https://tsubakimoto.com/sustainability/governance/corporate/>

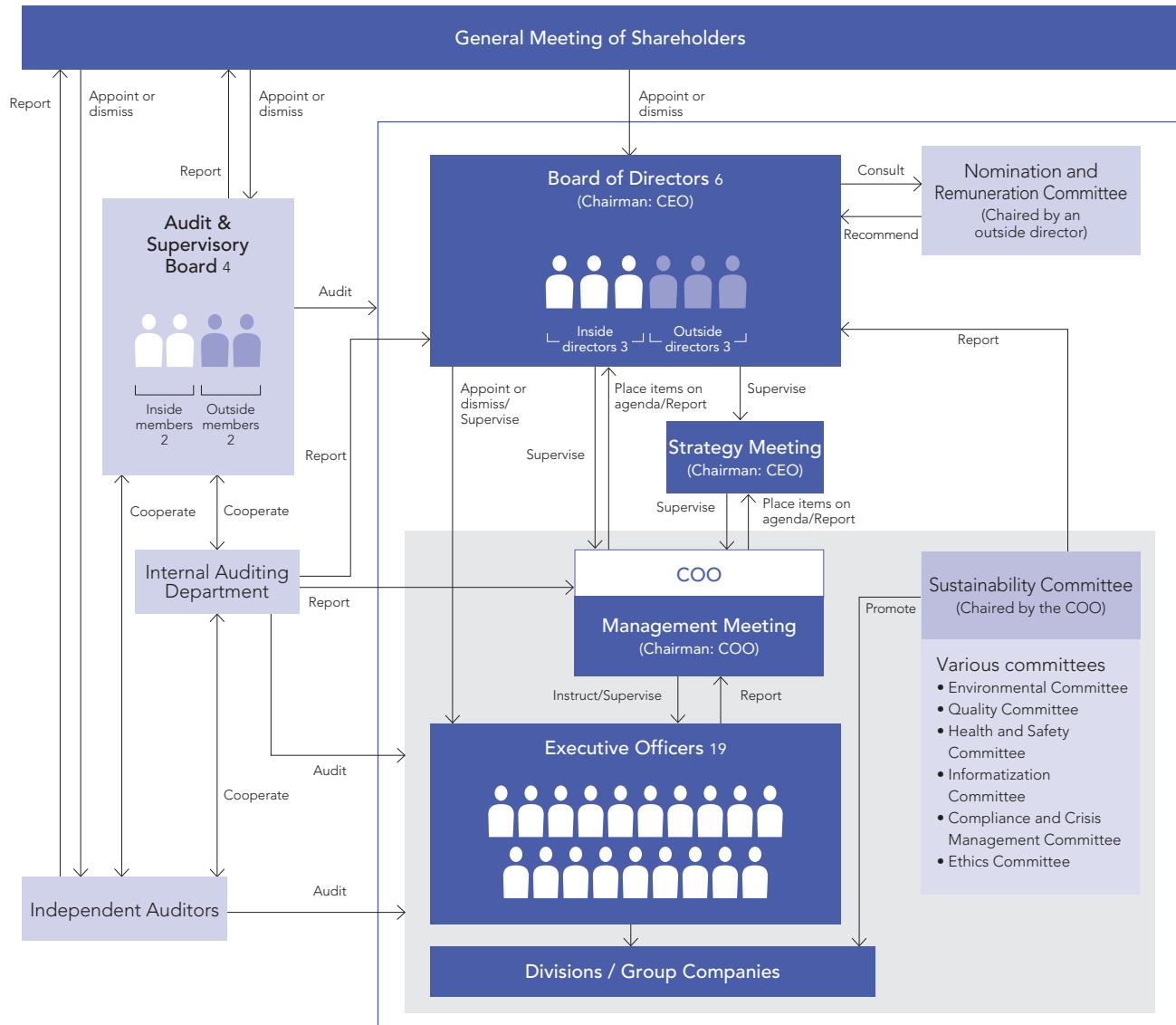


Promotion System

The Company draws a clear line between strategy formulation and oversight for the Group by the Board of Directors and business execution by the COO and the executive officers who are also members of the Management Meeting. Furthermore, the Strategy

Meeting, which is positioned as the second-highest decision-making body in the Company after the Board of Directors, deliberates and makes decisions regarding important Groupwide business strategies and management policies.

► Corporate Governance Structure



▶ Overview of Corporate Governance Structure

Organizational structure	Company with Auditors
Number of directors	6 (of which 3 are outside directors)
Term of office of directors	1 year
Chairperson of the Board of Directors	Chief Executive Officer (CEO)
Number of Audit & Supervisory Board members	4 (of which 2 are outside Audit & Supervisory Board members)

Number of independent Board members	3 outside directors and 2 outside Audit & Supervisory Board members
Number of meetings of the Board of Directors	14 (fiscal year ended March 31, 2025)
Number of meetings of the Audit & Supervisory Board	17 (fiscal year ended March 31, 2025)
Number of meetings of the Nomination and Remuneration Committee	4 (fiscal year ended March 31, 2025)

▶ Changes to Strengthen Governance

FY2004	Introduced executive officer system Appointed an outside director
	Increased the number of outside Audit & Supervisory Board members from one to two
FY2011	Introduced a strategy meeting system
FY2013	Increased the number of outside directors from one to two
FY2015	Reformed management system to separate the roles of Chief Executive Officer (CEO) and Chief Operating Officer (COO) Responded to Japan's Corporate Governance Code
FY2017	Increased the number of outside directors from two to three
FY2018	Established a business segment headquarters for each business segment, which oversees the business segment and its Group companies in Japan and overseas (moved to a system in which executive officers serve as general managers of business segments)

FY2019	Drew a clear line between strategy formulation and oversight by the Board of Directors and business execution by the executive officers Abolished the concurrent posts of directors and executive officers
FY2020	Established a Nomination and Remuneration Committee as a voluntary advisory body to the Board of Directors
FY2021	Introduced a restricted stock compensation plan for directors (excluding outside directors) Reviewed the committee structure, including establishment of the Sustainability Committee
FY2022	Expanded restricted stock compensation system to include executive officers (non-residents of Japan)

Establishment of a Nomination and Remuneration Committee

In fiscal 2019, the Company established a Nomination and Remuneration Committee as a voluntary advisory body to the Board of Directors to bolster the independence, objectivity, and accountability of the Board of Directors. This committee is chaired by an outside director and the

majority of the members are outside directors. The committee holds discussions on matters such as nominations and remuneration of directors and appointment and dismissal of the CEO and the COO, and reports to the Board of Directors.

Reasons for Appointing Independent Board Members and Status of Attendance at Meetings of the Board of Directors

▶ Outside Directors

Name	Reason for appointment	Attendance at meetings of the Board of Directors (FY2024)
Keiichi Ando	Based on his wealth of knowledge and experience as a director of financial institutions, etc., the Company appointed Mr. Ando to provide appropriate supervision of management, including by providing accurate advice in the areas of finance and corporate governance.	Attended 14 out of 14 meetings
Hisae Kitayama	Based on her wealth of experience as a certified public accountant in an auditing firm, the Company appointed Ms. Kitayama to provide appropriate supervision of management, including by providing accurate advice in the fields of finance and accounting.	Attended 14 out of 14 meetings
Takashi Tanisho	Based on his wealth of experience as a representative director at Hitachi Zosen Corporation (now Kanadevia Corporation), the Company appointed Mr. Tanisho to provide appropriate supervision of management, including by providing accurate advice in the fields of manufacturing, technology, and business strategy.	Attended 14 out of 14 meetings

▶ Outside Audit & Supervisory Board Members

Name	Reason for appointment	Attendance at meetings of the Board of Directors and the Audit & Supervisory Board (FY2024)	
		Board of Directors	Audit & Supervisory Board
Kiyotaka Kawasaki	Based on his experience from his many years as a lawyer and his high level of specialized knowledge regarding corporate legal affairs, the Company appointed Mr. Kawasaki to receive appropriate auditing of its management. We believe that, going forward, he will audit the Company from a specialist's point of view as well as from an objective and neutral standpoint.	Attended all 14 meetings	Attended all 17 meetings
Takaaki Yamamoto	Based on his experience from his many years as an in-house lawyer and his high level of specialized knowledge regarding corporate legal affairs, the Company appointed Mr. Yamamoto to receive appropriate auditing of its management. We believe that, going forward, he will audit the Company from a specialist's point of view as well as from an objective and neutral standpoint.		(For appointment on June 27, 2025)

Evaluation of the Effectiveness of the Board of Directors

The Company has been evaluating the effectiveness of the Board of Directors since 2018 in order to improve its performance.

We require all of its directors and Audit & Supervisory Board members to complete a questionnaire on matters including the Board of Directors' structure, operation, and agenda items. Based on an analysis and evaluation of the questionnaire results, we have determined that the Board of Directors is functioning effectively.

At this evaluation, like the previous evaluation, we received many valuable opinions that we should further expand reporting and discussion at Board of Directors' meetings on items such as the policy for medium- and

long-term allocation of management resources, our global management personnel training policy, the diversification of management, risk management, and matters to be discussed by the Nomination and Remuneration Committee. To address these points, we are further expanding the provision of information through various meetings with non-directors, including Board of Directors information exchange meetings, opinion exchange meetings, and Mid-Term Management Plan 2025 progress report meetings, and are also striving for improvements to ensure that opinions from investors and the necessary reporting from each committee are also handled appropriately.

Compensation for the Directors and Audit & Supervisory Board Members

The Board of Directors passed a resolution on the policy for determining the method for calculating compensation after deliberations and reporting by the Nomination and Remuneration Committee, a voluntary advisory body to the Board of Directors.

Inside Directors

So that compensation for internal directors provides an effective incentive for realizing sustainable improvements in corporate value over the long term, the Company has adopted a compensation system that focuses on the link between business performance and shareholder profit. Specifically, this system comprises fixed compensation and performance-based compensation, which are monetary compensation, and restricted stock compensation, which is non-monetary compensation.

Outside Directors

Given that they perform the role of carrying out management supervision from an objective and neutral standpoint, compensation for outside directors comprises only fixed compensation, which is monetary compensation.

Audit & Supervisory Board Members

Given that they perform the role of carrying out management supervision from an objective and neutral standpoint, compensation for Audit & Supervisory Board members comprises only fixed compensation, which is monetary compensation.

► Total Compensation Amounts for the Directors and Audit & Supervisory Board Members

Executive category	Total compensation amount (millions of yen)	Total amount of each type of compensation (millions of yen)			Number of applicable personnel
		Fixed compensation	Performance-based compensation	Non-monetary compensation (Restricted stock compensation)	
Directors (Outside directors)	224 (29)	140 (29)	55	29	6 (3)
Audit & Supervisory Board members (Outside Audit & Supervisory Board members)	63 (13)	63 (13)	—	—	5 (3)

* Numbers less than 1 million yen have been rounded down.

* The above includes one auditor whose term of service concluded at the 115th Annual General Meeting of Shareholders held on June 27, 2024.

Internal Control System

Along with establishing the Internal Control Regulations in accordance with its Basic Policy on Internal Control, the Group has set up a department responsible for promoting internal control to carry out the following organizational and ongoing activities with the participation of all employees by maintaining a system for the promotion of internal control.

Internal Control Initiatives Stipulated by the Companies Act

We have established an emergency contact system on a global scale to enable information on risks that occur within the Group to be promptly communicated to senior management. We also implement annual risk management status surveys of major subsidiaries in Japan and overseas to ascertain the status of their risk management and follow up on their activities.

Internal Control Initiatives Described in the Financial Instruments and Exchange Act

Based on the Financial Instruments and Exchange Act, the Group has established internal control initiatives to ensure the appropriateness of the preparation process for its consolidated financial statements.

As overseas sales have increased, the number of overseas subsidiaries covered by these initiatives has increased. For this reason, with the aim of quickly

introducing these initiatives at overseas subsidiaries, we are taking steps toward establishing related materials for and sharing expertise with overseas subsidiaries while concentrating efforts on enhancing the efficiency and accuracy of evaluations.



Internal control meeting at an overseas subsidiary

Internal Control Initiatives Conducted by the Group on a Voluntary Basis

The Group is advancing Tsubaki Internal Control Operation (TICO) initiatives for documenting the procedures of important work in each department. As activities that ensure the appropriateness of risk controls for each type of work and allow us to observe inefficiencies or waste through the visualization of important processes, the TICO activities play a valuable role in the Group's important internal control initiatives.

Cross-Shareholdings Policy and Principles for Reduction of Cross-Shareholdings

We use shareholdings to maintain and strengthen relationships with our business partners. We hold investment stock for purposes other than pure investment, targeting business partners that we believe contribute to the improvement of our corporate value in the medium to long term upon consideration of whether doing so is necessary in our business activities to ensure that business is conducted smoothly.

However, in order to realize management with an awareness of capital costs and share prices, we are proceeding with efforts to reduce our cross-shareholdings through measures such as examining each stock that we hold on an annual basis and determining whether continuing to hold the stock will contribute to increasing corporate value in the medium to long term, based on factors such as business merits in consideration of the status of transactions with the company concerned, business profitability, returns and risks due to fluctuations in the stock's market value, dividend income, and other

economic rationales, then selling off stocks at an appropriate time if a rational basis for continuing to hold the stock cannot be determined.

Decision Process for Cross-Shareholdings

Each year, the Board of Directors verifies points such as the suitability of the purpose and economic feasibility of stock holding to determine whether to hold shares and the number of shares to be held by each individual stock.

Criteria for Exercising Voting Rights Related to Cross-Shareholdings

Criteria for the exercising of voting rights are decided upon thorough consideration of the management policies and strategies of the investment company, from the perspective of whether doing so will improve the corporate value of Tsubaki and the investment company in the medium to long term.



Compliance and Risk Management

We carry out initiatives to raise awareness of compliance with laws, ethics, and internal regulations, which we believe are fundamental for our directors and employees. Additionally, guided by our Risk Management Policy, we strive to prevent the actualization of risks and minimize possible losses by identifying and understanding various risk factors, in order to sustainably grow our businesses and enhance our corporate value.



Please refer to the governance page of our website for details on compliance and risk management.
<https://tsubakimoto.com/sustainability/governance/>



Implementation and Spread of Compliance

The Tsubaki Group promotes compliance through its Corporate Ethics Awareness Month program and other systemic training. These programs are reported to the Board of Directors periodically.

Corporate Ethics Awareness Month and Compliance Training

We have designated February of every year as our Corporate Ethics Awareness Month, in which domestic and overseas Group companies participate (52 companies in fiscal 2024). We carried out ethics awareness programs centered on workplace meetings in Japan and seminars and e-learning-based training overseas.

► Companies Participating in Corporate Ethics Awareness Month (FY)

2020	2021	2022	2023	2024
24	32	29	51	52

The Tsubaki Compliance Handbook that the Group has issued covers 24 topics such as (1) Sound work environments, (2) Good-faith corporate activities, (3) Protection of Company assets, and (4) Engagement with society, and provides specific examples and explanations of how to act ethically in daily work and life. We also hold

scheduled training on ethics and continuously update the training by incorporating any newly identified issues into Corporate Ethics Awareness Month. These initiatives are aimed at reducing compliance-related risks at workplaces, and at making each employee more aware of compliance and corporate ethics.

Ethics Committee

The Ethics Committee promotes compliance through activities such as reviewing measures to prevent breaches of the Code of Corporate Ethics from recurring and deciding on actions against those who breached said measures.

Establishment of a Consultation and Reporting Helpline

The Group has a whistleblower system under the Corporate Ethics Helpline Rules in Japan. The ethics helpline has two facets, a dedicated section within the Company and an outside legal counsel retained by the Company. Both of these accept anonymous reporting. The ethics helpline addresses not only matters regarding breaches of laws, regulations, and company rules but also concerns and worries of a personal nature if being asked for.

Risk Management System and Activities

The Group has established several committees regarding corporate ethics, information security, the environment, quality, health and safety, and compliance and crisis management under the supervision of the Sustainability Committee in order to promote effective and efficient risk management. These committees promote risk countermeasures on a Groupwide basis by coordinating among one another to advance various ongoing measures geared toward identifying and evaluating risk factors as well and preventing them from occurring. In addition, we

have established and are operating an emergency contact system on a global basis in the event of risk materialization to minimize possible losses.

In fiscal 2024, we carried out initiatives focusing on seven points: response to climate change, management of human rights and labor risks, management of supply chain risks, strengthening of crisis management framework, strengthening of cyber security measures, health and safety, and quality assurance.

▶ Major Risks, Impact, and Countermeasures

Risk	Description	Degree of impact	Action
Market environment fluctuation risk	<ul style="list-style-type: none"> Reduction in capital investment due to a downturn in business conditions in target markets and other factors, and decreased demand associated with a deterioration in corporate operating conditions; sudden fluctuations in demand and structural changes, especially in the automotive industry, our largest customer base (decrease in the production units of cars with internal-combustion engines, reduction in capital investment) 	Medium to serious	<ul style="list-style-type: none"> Development of products specialized for market needs
Management Environment Climate change-related risks	<ul style="list-style-type: none"> Loss of business opportunities and rise in procurement costs when there is a delayed response to climate change and environmental regulations Difficulty in continuing business operations due to more frequent and severe natural disasters that are caused by climate change 	Medium to serious	<ul style="list-style-type: none"> Analyze the impact of climate change and identify risks and opportunities, then decide on and implement countermeasures for each Establish an action plan to reduce CO₂ emissions, and then have the entire Group, centered on the Environmental Committee, implement the PDCA cycle with respect to all initiatives
Global geopolitical risks associated with overseas business development	<ul style="list-style-type: none"> Reduction in product sales due to the outbreak of terrorist attacks, wars and conflicts, etc., and the suspension of operations at factories, obstacles in the procurement of parts, etc. 	Medium to serious	<ul style="list-style-type: none"> Strengthening our global production system, and reduce risks resulting from the dispersion of production bases and procurement partners
Exchange rate fluctuation risks	<ul style="list-style-type: none"> Sudden currency fluctuations that exceed expectations 	Low to medium	<ul style="list-style-type: none"> Using exchange contracts and moving forward with the localization of production and procurement
Quality-related risks	<ul style="list-style-type: none"> Occurrence of serious incidents, recalls, claims and improper quality, etc. caused by product defects 	Medium to serious	<ul style="list-style-type: none"> In accordance with the Tsubaki Group Basic Quality Policy, promote thorough quality control and pursue high quality centered on the Tsubaki Group Quality Committee
Information security-related risks	<ul style="list-style-type: none"> Occurrence of system outage, security problems, or damage due to cyber attacks, etc. 	Medium to high	<ul style="list-style-type: none"> Based on the Electronic Information Security Policy, we will implement technical countermeasures, educate our employees, and carry out periodic audits of information security, as well as introduce vulnerability assessments by a third-party Organization Build a system of cyber security countermeasures for when incidents occur
Human rights-related risks	<ul style="list-style-type: none"> Occurrence of cases of inappropriate behavior affecting the human rights of stakeholders 	Medium to high	<ul style="list-style-type: none"> Create Corporate Ethics Awareness Month, and carry out compliance awareness-raising programs in domestic and overseas Group companies Clearly state the Basic Human Rights Policy, and set up a helpline, as well as promote harassment prevention activities Implement human rights due diligence in domestic and overseas Group companies, and identify risks
Business Operation Supply chain-related risks	<ul style="list-style-type: none"> Factors such as temporary economic disruption or stagnation in the countries and regions where our suppliers do business or sudden supply fluctuations and price surge due to supplier-specific circumstances will make it difficult for the Tsubaki Group to procure parts and operate factories, which will subsequently result in reductions and delays in the production of Tsubaki Group products 	Medium to serious	<ul style="list-style-type: none"> Move forward with the diversification of suppliers by sharing information about procurement partners among Group companies, and making combined orders for non-substitutable materials, parts and other items Strengthen partnerships with procurement partners
Risk of skyrocketing prices of energy and materials (raw materials)	<ul style="list-style-type: none"> Sudden surge in the prices of energy and raw materials such as steel 	Medium to high	<ul style="list-style-type: none"> Reduce cost prices by improving productivity, and move forward with securing multiple procurement partners Negotiate with suppliers and customers so that we can set purchase and sale prices that reflect the market condition of the time
Risk of disasters and pandemic outbreaks, etc.	<ul style="list-style-type: none"> Stagnation in production operations due to the outbreak of new infectious diseases or major disasters (natural disasters such as earthquakes and windstorms, and human-caused disasters such as terrorist attacks and other incidents) 	Medium to high	<ul style="list-style-type: none"> Implement disaster preparedness training and stockpile disaster prevention and mitigation equipment, in accordance with the Tsubaki Group Basic BCP Strategy Strengthen the BCP system centered on the Compliance and Crisis Management Committee
Risk of intellectual property infringements	<ul style="list-style-type: none"> Infringement of intellectual property due to unauthorized use by third parties, etc., and the filing of intellectual property infringement lawsuits by third parties 	Medium to high	<ul style="list-style-type: none"> Prepare provisions, and collect information on other companies in relation to intellectual property rights Proper management of our company's rights (including know-how)

Messages from Outside Directors

Working toward additional growth, hinging on Chain Operations and Mobility Operations



Keiichi Ando

The Company's business environment has changed dramatically in the last few years and it is dealing with some difficulties, but despite variance from one fiscal year to another, the Tsubaki Group has more or less maintained its foundation for medium- to long-term growth in revenue and profit. The Company's support for industrial infrastructure in the field of motion, its provision of essential products to society, its products that hold the top share of global markets, and its strong global network are major strengths.

In terms of revenue structure, the Company's core businesses, Chain Operations and Mobility Operations, cover its low-performing Motion Control Operations and Materials Handling Operations. It goes without saying that the most pressing issue is to revise these low-performing businesses. While they are no longer in the red, the Company's policy is to share our sense of urgency and rapidly carry out drastic measures, including restructuring or

Reducing capital costs and improving capital efficiency



Hisae Kitayama

The Company has set ROE of 8% or more as a numerical target in Mid-Term Management Plan 2025, and achieved this target in fiscal 2024 through record sales and profit and the acquisition of treasury stock and the sale of cross-shareholdings, which pushed ROE above equity costs.

However, an awareness of department-specific ROIC needs to be created at the Company's sites. The Company needs to foster more in-depth understanding of ROIC among the business sectors and take specific, decisive actions to improve ROIC through commitment by senior management, analysis of corporate ROIC, and strategic dialogue between Corporate and the Company's business divisions.

For business sectors that have not achieved ROIC higher than weighted average cost of capital (WACC), the capital market requires fast actions that urgently need to be taken, including drastic measures for unprofitable and

Quickly establishing new businesses and generating profit



Takashi Tanisho

To achieve Long-Term Vision 2030, the Company aims to grow its four existing businesses and expand its business by using its core technologies, manufacturing technologies, to create new businesses. For manufacturing technologies, the Company will incorporate new technologies such as generative AI and simulation to develop new businesses and transition from the tangible to the intangible to strengthen its maintenance business, including after-sales services.

Challenges and failure

In order to plan and develop new products, release them on the market, and increase sales to develop the products into fully-fledged businesses, developers need to be prepared to display a strong passion and the tenacity required to overcome difficulties. If developers are to take on new challenges like this, officers must have the fortitude to accept

shrinking businesses, or withdrawing or selling them.

In the core businesses, the Company will strengthen its outstanding technical capabilities and product development capabilities to further increase revenue and profits. In Chain Operations and Mobility Operations, it will be important to develop high value added products, supply products for EVs and PHEVs, and strengthen the Company's global expansion. Additionally, there are regions and products where the Company has a low market share and insufficient presence. In addition to strengthening the Company's new manufacturing and sales bases, I am also expecting market and product synergies through the Company's business merger with DAIDO KOGYO Co., Ltd., which it announced in May 2025.

The Company will also accelerate its current efforts to enter new growth fields. In 2024, the Company released the world's smallest roller chain, with which it can expect to enter

low-performing businesses (revision of business portfolios, ROIC improvement processes), improvement of inefficient elements in the business sectors, and disposal of low-performing assets. In addition to setting the constituent elements of ROIC in each department as a KPI, the Company will link this to the targets, business processes, and actions of each department and reflect this in their evaluations to monitor improvement of capital efficiency throughout the Group.

To maximize our ROIC-WACC spread, the Company also needs to pay attention to measures to reduce WACC alongside those to improve ROIC. The Company must optimize its capital structure, including effective use of interest-bearing debt, ensure rigorous judgment and management of investments through means such as applying investment criteria and hurdle rates, reduce long-term risks in its business operations, and enhance its

minor failures and the ability to provide guidance that will lead to success. These respective attitudes by developers and officers will create a synergistic effect that will lead to new businesses and build the future of Tsubakimoto Chain.

Social issues and co-creation

Social issues and market trends change. The internal knowledge and technologies of the Company must constantly evolve, and the Company must compensate for its shortfalls from external sources. Additionally, opinions, cooperation, and co-creation from external experts are needed in order to speed up the process from development to commercialization. When carrying out this co-creation, you must not forget that it is essential to have technology that the other party needs.

growth markets such as robot hands. Additionally, the business garnered through the 2022 purchase of North American flexible coupling manufacturer and seller ATR Sales, Inc., while small in scale, has arguably been an effective move to create synergy in global markets.

In addition to the urgent need to restructure low-performing businesses, there are many issues that must be tackled by 2030, including improving productivity through DX, strengthening the profitability of the Company's existing businesses, and launching new businesses quickly.

The Company must also, as a manufacturing company, provide high quality, high value added products to a wide range of industries and remain a company with a high degree of social value. I would particularly like the Company's employees to work on this social mission with pride.

disclosures and IR activities to fulfill its responsibility to its investors and reduce WACC.

To ensure that ROIC-oriented management permeates and becomes entrenched in its businesses, the Company needs to take medium- to long-term actions such as setting targets for the next Mid-Term Management Plan, managing its business portfolio (business evaluation units, evaluation method, criteria for withdrawal, allocation of business assets), rebuilding its systems for managing individual investments and managing and evaluating results, and educating and changing the mindsets of management and employees, and the Board of Directors will continue to discuss these actions. I aim to promote management with an awareness of capital costs, return on capital, and share prices in addition to net sales and profit to facilitate sustainable growth and further improve the Company's medium- to long-term corporate value.

Commercialization methods

All new businesses begin as startups. When commercializing, in addition to establishing new companies like Nexa Ware Co. Ltd. and Tsubaki VegyMove Co., it is important to also actively utilize methods such as technical collaboration and M&A to secure the technologies and personnel needed for growth. The departments in charge of M&A and marketing also need to carry out more stringent due diligence and develop sharper marketing instincts.

Toward profit creation

It has been said that an issue that Japanese companies will face in future is worker shortages caused by the population decline. The Company will utilize new technologies such as generative AI and simulation to create innovation and connect these to its maintenance business to generate profit and achieve Long-Term Vision 2030.

Board of Directors, Audit & Supervisory Board Members, and Executive Officers

(as of June 27, 2025)



Directors

A Kenji Kose

Chairman and CEO, Representative Director

April 1977 Joined the Company
 April 2011 Manager, Production Technology Dept., Chain Manufacturing Division
 June 2013 Executive Officer
 June 2015 Senior Executive Officer
 April 2017 General Manager, Chain Manufacturing Division
 Plant Manager, Kyotanabe Plant
 June 2017 Director and Senior Executive Officer
 April 2018 General Manager, Chain Operations
 June 2018 Director and Managing Executive Officer
 June 2019 Director
 June 2021 President and COO, Representative Director
 June 2022 Chairman and CEO, Representative Director (present)

B Takatoshi Kimura

President and COO, Representative Director

April 1983 Joined the Company
 October 2006 Manager, Overseas Sales Dept., Chain Division
 January 2012 Chairman, Tsubakimoto Chain Trading (Shanghai) Co., Ltd.*
 June 2015 Executive Officer
 June 2016 General Manager, Management Planning Center
 April 2018 General Manager, Materials Handling Division
 June 2018 Senior Executive Officer
 April 2020 Managing Executive Officer, General Manager, Materials Handling Systems Operations
 June 2021 Director
 June 2022 President and COO, Representative Director (present)
 * Now Tsubakimoto Chain (Shanghai) Co., Ltd.

C Masaki Miyaji

Director

April 1984 Joined the Company
 April 2008 Manager, Manufacturing Dept., Automotive Parts Division
 June 2016 Executive Officer, General Manager, Global Manufacturing Automotive Parts Division
 Plant Manager, Saitama Plant
 June 2018 Senior Executive Officer, General Manager, Automotive Parts Division
 Plant Manager, Saitama Plant and Hyogo Plant
 April 2020 General Manager, Automotive Parts Operations
 April 2021 General Manager, Mobility Operations
 June 2022 Director (present)

D Keiichi Ando

Outside Director

April 2009 Director and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation
 April 2010 Representative Director, Deputy President, and Executive Officer, Sumitomo Mitsui Banking Corporation
 April 2012 Representative Director, President, NEW KANSAI INTERNATIONAL AIRPORT COMPANY, LTD.
 July 2012 Representative Director, President, and CEO, NEW KANSAI INTERNATIONAL AIRPORT COMPANY, LTD.
 June 2016 Representative Director and President, GINSEN CO., LTD.
 Outside Director, Shionogi & Co., Ltd. (present)
 June 2017 Outside Director, the Company (present)
 June 2019 Outside Director, DAIHEN Corporation (present)

E Hisae Kitayama

Outside Director

October 1982 Joined Asahi Accounting Company*
 March 1986 Registered as a Certified Public Accountant
 Partner, Asahi Accounting Company*
 July 2013 Managing Executive Director, KPMG AZSA LLC
 June 2019 Chair, Kinki Chapter of Japanese Institute of Certified Public Accountants
 July 2019 Senior Executive Director, KPMG AZSA LLC
 July 2019 Deputy Chair, Japanese Institute of Certified Public Accountants
 June 2020 Outside Director, the Company (present)
 Established Kitayama Public Accounting Office
 Representative (present)
 March 2021 Outside Director (Member of the Audit Committee), EBARA CORPORATION
 April 2021 Specially Appointed Professor, Graduate School, University of Hyogo (present)
 June 2022 Outside Audit & Supervisory Board Member, Daicel Corporation (present)
 March 2023 Outside Director (Chairperson of the Audit Committee), EBARA CORPORATION
 * Now KPMG AZSA LLC

F Takashi Tanisho

Outside Director

April 1973 Joined Hitachi Zosen Corporation*
 June 2010 Director, Hitachi Zosen Corporation*
 April 2012 Managing Director, Hitachi Zosen Corporation*
 April 2013 Representative Director, President and COO, Hitachi Zosen Corporation*
 April 2016 Representative Director, President and CEO, Hitachi Zosen Corporation*
 April 2017 Representative Director, Chairman and President, Hitachi Zosen Corporation*
 April 2020 Representative Director, Chairman and CEO, Hitachi Zosen Corporation*
 April 2022 Representative Director and Chairman, Hitachi Zosen Corporation*
 March 2023 Outside Director, Sumitomo Rubber Industries, Ltd. (present)
 April 2023 Director and Senior Corporate Advisor, Hitachi Zosen Corporation*
 June 2023 Senior Corporate Advisor, Hitachi Zosen Corporation* (present)
 Outside Director, Matsunoto Yushi-Seiyaku Co., Ltd. (present)
 Outside Director, the Company (present)
 * Now Kanadevia Corporation

Skill Matrix of the Board of Directors and Audit & Supervisory Board Members

Name	Position and Responsibility	Corporate Management	Global	Technology/Development/Production	Sales/Marketing	Finance/Accounting	Legal Affairs/Compliance	Risk Management
Kenji Kose	Chairman and CEO, Representative Director	●		●	●			
Takatoshi Kimura	President and COO, Representative Director	●	●		●			
Masaki Miyaji	Director	●	●	●				
Keiichi Ando	Outside Director	●	●			●		
Hisae Kitayama	Outside Director	●				●		●
Takashi Tanisho	Outside Director	●		●	●			
Koji Tanaka	Audit & Supervisory Board Member						●	●
Kazuya Kawasaki	Audit & Supervisory Board Member		●			●		
Kiyotaka Kawasaki	Outside Audit & Supervisory Board Member		●				●	●
Takaaki Yamamoto	Outside Audit & Supervisory Board Member		●				●	●

* The above table is not an exhaustive representation of each person's individual skills, but rather shows up to three of each individual's main skills.

Audit & Supervisory Board Members

G Koji Tanaka

Audit & Supervisory Board Member

December 1988 Joined the Company
April 2004 Group Leader, Legal Affairs and General Affairs Dept., Compliance Center
April 2016 Manager, Legal Affairs Dept., CSR Promotion Center
April 2018 Manager, Legal Affairs Dept., Headquarters Operations
June 2019 Audit & Supervisory Board Member (present)

H Kazuya Kawasaki

Audit & Supervisory Board Member

April 1986 Joined the Company
June 2003 Group Leader, Funds Section, Finance Dept., Management Planning Center
June 2015 Manager, Finance Dept., Management Planning Center
June 2019 Manager, Finance Dept.,
June 2020 Audit & Supervisory Board Member (present)

I Kiyotaka Kawasaki

Outside Audit & Supervisory Board Member

April 1991 Registered as an attorney
Joined Midosuji Law Office*
January 2000 Partner, Midosuji Law Office*
December 2002 Partner, Midosuji LPC
June 2006 Outside Director, World Co., Ltd.
October 2014 Outside Director, Inui Global Logistics Co., Ltd.
April 2020 Representative Partner, Midosuji LPC (present)
June 2024 Outside Audit & Supervisory Board Member, the Company (present)

*Now Midosuji LPC

J Takaaki Yamamoto

Outside Audit & Supervisory Board Member

April 1986 Joined Sumitomo Electric Industries, Ltd.
April 1990 Registered as an attorney
July 2012 General Manager, Legal Department, Sumitomo Electric Industries, Ltd.
June 2015 Executive Officer, Sumitomo Electric Industries, Ltd. (resigned March 2024)
April 2024 Partner, Irokawa Legal Professional Corporation (present)
June 2025 Outside Audit & Supervisory Board Member, the Company (present)

Executive Officers

Senior Managing Executive Officer

Yasushi Nagai

Managing Executive Officers

Kazutomo Nakamura
Hisao Nishii
Masafumi Okamoto
Isao Sato
Kevin Richard Powers
Toshihiro Ageta
Nobuaki Haga

Senior Executive Officers

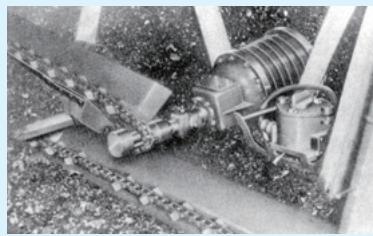
Hiromi Ishida
Futoshi Tanyama
Osamu Kawakami
Yasuhiro Akesaka
Takao Maeda
Atsushi Kumakura

Executive Officers

Masayoshi Fujimura
Katsuya Nakakubo
Atsushi Saeki
Nobuhiko Yoshimura
Osamu Ueda

Value Creation History

We have contributed to society through our business and changed with the times for over a century.

1917	1945 Onward	1970 Onward
Founded	Fortification of our Technological Foundation	Expansion of Overseas Sales Bases
Laying the Foundation for Becoming a Machinery Manufacturer in Step with Japan's Modernization	Contributing to Japan's Postwar Reconstruction and High Economic Growth	Developing New Products to Keep up with Drastic Change in Japan's Industrial Structure
<p>1917 Tsubaki was founded by Setsuzo Tsubakimoto to manufacture and sell bicycle chains. In 1928, the Company shifted completely to the manufacture of chains for machinery, and that foresight and entrepreneurial spirit saw the business expand. Our chains for use at coal faces were particularly well received, and helped to boost coal production in Japan.</p>  <p>Our founder, Setsuzo Tsubakimoto</p>	<p>1945 Onward Tsubaki contributed to Japan's postwar reconstruction with the development of chains for public-sector investment projects, such as infrastructure development, and conveyor systems for coal and fertilizer, which were key national industries. During this period of rapid economic growth, the Company developed a succession of world-class chains and conveyor systems, contributing to Japan's industrial development.</p>	<p>1971 After establishing a sales company in the USA, we expanded our overseas sales bases into regions such as Europe and Australia, accelerating our overseas expansion.</p> <p>1973 Onward To cater to Japan's changing industrial structure, Tsubaki expanded its technical domains, steadily developing highly functional, high-precision chains and mechatronics products for factory automation (FA).</p> <p>1980 Onward As automobile engine timing chain systems shifted from chains to belts, the Company developed the smaller and lighter timing chains that were needed. These were well received for their durability and environmental performance, which led to an expansion in their adoption in new engines.</p>
<p>1937 We delivered a large-scale conveyor system to a cement factory, thereby widening the scope of our business to encompass the materials handling domain.</p>	<p>1957 When motorization came to Japan, we began mass production of timing chains for automobile engines and branched out with our Mobility Operations. With the development of large chain reducers the following year, we then expanded our business scope to include our Motion Control Operations.</p>	 <p>Manufacturing chains at the Minamihama Plant in Osaka, where Tsubaki was founded (around 1930)</p>
 <p>C-60 class chain for use at coal faces helped boost coal production (around 1930)</p>	 <p>Conveyor system for a chemical fertilizer plant, which was well received for its performance (late 1940s)</p>	 <p>Cathode ray tube coating process system adopted by many home appliance manufacturers in Japan and overseas (1982)</p>
 <p>Development of chain motors in addition to large chain reducers (1960)</p>	 <p>Bearing roller conveyor chain that is more energy-efficient and has a longer lifespan due to its bearing roller structure (1985)</p>	

1985 Onward

Expansion of Overseas Production

Selection and Concentration

2010 Onward

Building of Optimized Production Systems and Expansion of Global Share

2020 Onward

New Business Endeavors for the Next Generation

Building a Global Production System in a Drastically Changing Global Economy

1986

Tsubaki purchased an American industrial chain manufacturer and began production in the USA. In 1989, we also began producing timing chains there, which led to us later expanding our global share.

2000 Onward

Amid domestic economic stagnation stemming from the collapse of the bubble economy, Tsubaki restructured its business through selection and concentration. While working to raise productivity and reduce fixed costs, Tsubaki built its Kyotanabe Plant with the aim of becoming a global center for chains. We also expanded our share of the worldwide market for timing chain systems by establishing a global production system to meet global demand for engines.



Timing chain for automobile engines and Power Drive Chains for four-wheel drives



Zip Chain Lifter with greater speed, frequency, and durability due to its zip chain structure (2008)

Strengthening CSV Product Development in Response to Diversifying Social Needs

2010 Onward

Through measures such as large-scale M&A overseas (Power Transmission and Materials Handling Operations) and the establishment of an industrial chain manufacturer in China, our ratio of overseas sales grew to over 50% in fiscal 2013 and continued to grow afterwards.

2011

As environmental issues became apparent, Tsubaki accelerated its development of Eco-products that help customers reduce their environmental impact. In addition, products such as distribution systems for mail-order shopping that focus on alleviating labor shortages and reducing workload, and new CSV products such as automated sample storage systems for new drug discovery, achieved strong recognition. At the same time, we also took on the challenge of developing new businesses such as the agricultural business and the V2X bi-directional electric vehicle (EV) charging system.



Bucket elevator for biomass power plants (2016)



LaboStocker, an automated cryogenic storage system for regenerative medicine and new drug discovery (2011)

Enhancing Our Efforts to Tackle Social Challenges

2021

Under Long-Term Vision 2030 and Mid-Term Management Plan 2025, we are accelerating the development of new businesses in six areas—Human Assistance, Maintenance, Agriculture, Life Science, Energy Infrastructure, and Mobility—to contribute to resolving social issues.

2022

Amid progress in technological innovation for automobiles aimed at achieving carbon neutrality, we strengthened our systems for developing highly functional parts for EVs. We released a cam clutch for four-wheel vehicles as a new product in Mobility Operations.

2025

Our new Fukui Mihamra Plant was completed, strengthening our agricultural business.

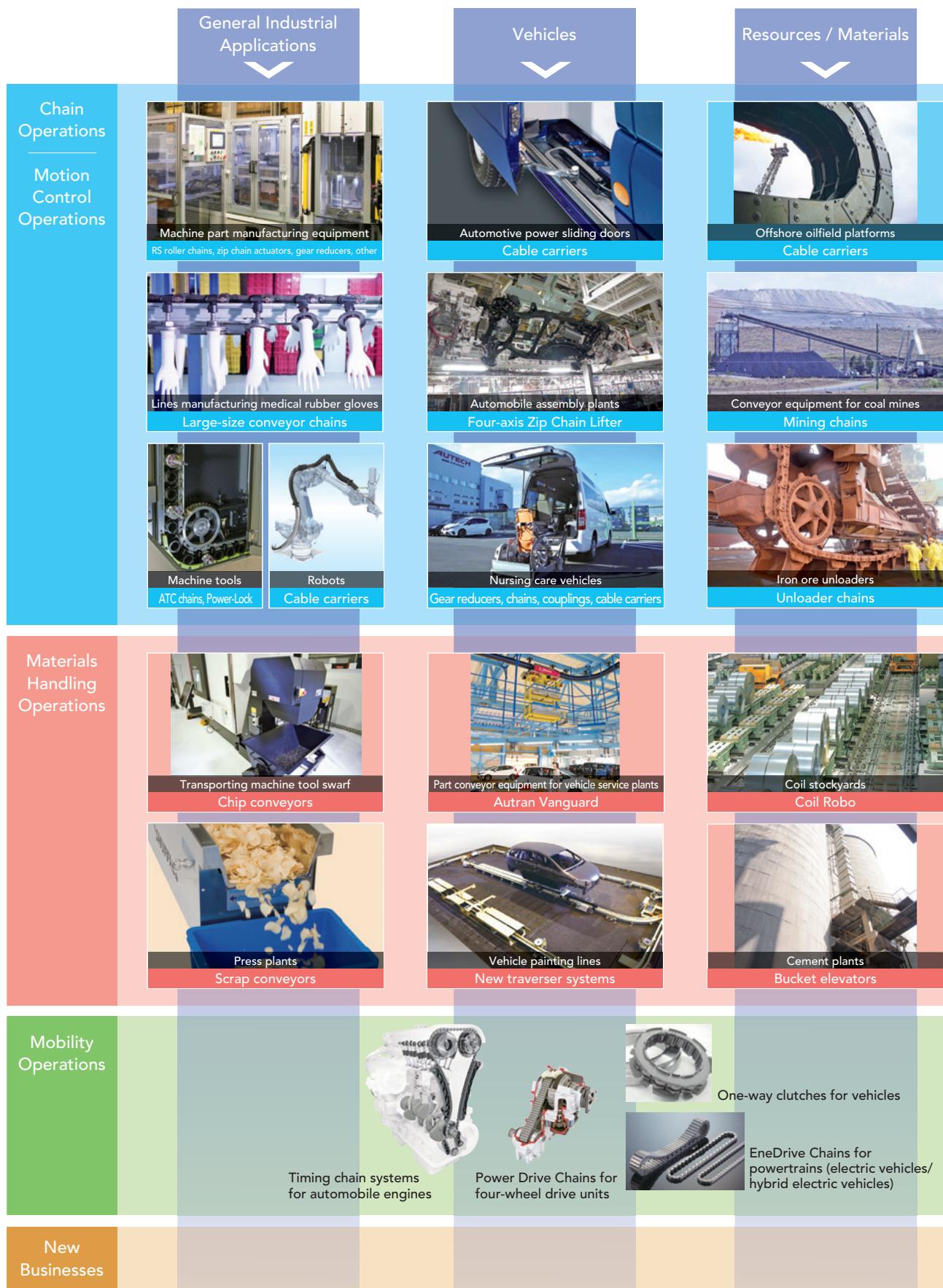


T-Carry System, a handling and sorting system using small AGVs (2020)



The fully automated process at our Fukui Mihamra Plant

CSV Products and New Businesses by Customer Industry and Business Segment



Food / Medical Care

Infrastructure / Environment

Consumer / Entertainment Facilities



Sorting machines for apple processing plants
Small-size conveyor chains



Passenger boarding bridges for airports
Power cylinders, cable carriers, other



Claw crane arcade games
Cable carriers



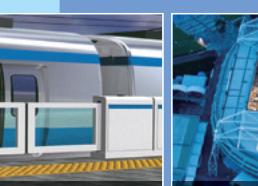
Conveyors for conveyor belt sushi restaurants
Plastic top chains



Beverage plants
Plastic top chains



Watertight doors for subways and disaster prevention
Zip chain units



Movable barriers for train station platforms
Brushless motors, timing belts, other



Devices for opening and closing stadium roofs
Steel cable carrier system



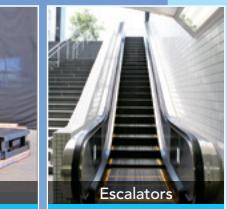
CT (computed tomography) scanners
Power cylinders, gear reducers, other



Rigid wing sail wind propulsion equipment
Pin Gear Drive Units



Stage elevator equipment
Zip Chain Lifter



Escalators
Step chains



Automatic handling system for vegetable factories
Autran Vanguard



Biomass power plants
Bucket elevators, flow conveyors



Mail-order shopping distribution systems
QuickSort



Bond document management systems
Security Stocker



Regenerative medicine, etc.
LaboStocker



Desulfurization and denitrification devices (steel plants)
Bucket elevators



Newspaper printing plants
Paper-feeding AGV



Mail-order shopping distribution systems
Shipping system using small AGVs



Vegetable factories
Automatic seedling transplanter unit



DX solutions for manufacturing
FabriKonekt



V2X bi-directional EV charging systems
eLINK

Global Network: Tsubaki's Globalization

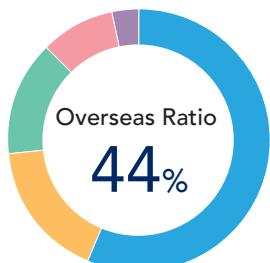
The Tsubaki Group—Underpinning Industries Globally

With the establishment of a joint venture in Taiwan in 1970, the Tsubaki Group began building a global network. Today, we have 87 companies in 26 countries and regions around the world. Our global responsiveness, manufacturing capabilities, product development capabilities, and solution proposal capabilities have underpinned our global industry expansion. By further accelerating innovation in the domain of motion and creating innovative new products and solutions that exceed expectations, we will contribute to solving issues faced by our customers and by society as a whole.



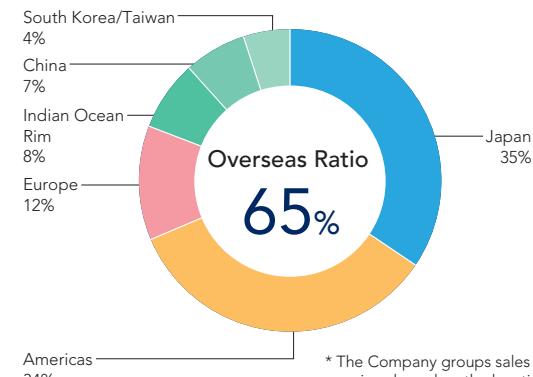
Ratio of Sales by Region*

FY2012
(consolidated net sales: ¥150 billion)

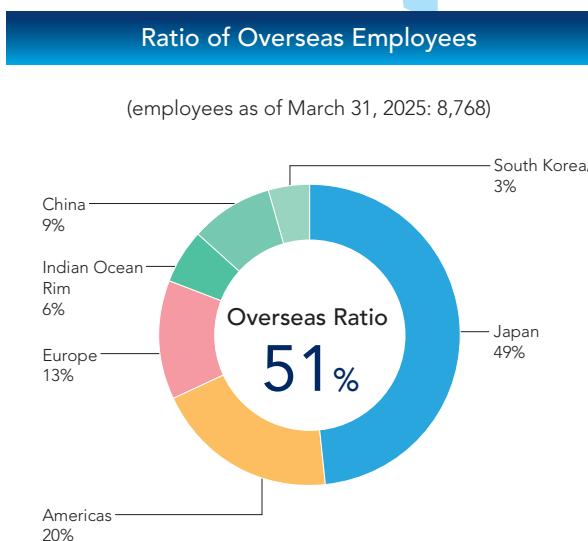


Overseas Ratio
Approx. 1.5 x

FY2024
(consolidated net sales: ¥279.1 billion)



* The Company groups sales for countries and regions based on the location of customers.



Progress in Global Expansion

- **1970**
Established joint venture in Taiwan (Tsubaki's first overseas site)
- **1971**
Established sales company in the USA
- **1972**
Established sales company in the Netherlands
Later established sales companies in Canada and Asia
- **1986**
American subsidiary purchased chain manufacturer; began manufacturing of chains for industries in North America
- **1989**
American subsidiary began manufacturing of automobile parts
- **1995**
Established joint venture for powder conveyors in Tianjin, China (our first Chinese site)
- **2004**
Established sales company in Shanghai, China
- **2010**
Acquired Kabelschlepp, a German company that manufactures and sells cable carriers, as a consolidated subsidiary
- **2012**
Established chain manufacturer in Tianjin, China
Acquired Mayfran Holdings, an American company that manufactures and sells chip conveyors, as a consolidated subsidiary
- **2013**
Overseas sales ratio exceeded 50%
- **2016**
Established manufacturing site for Mobility Operations in the Czech Republic, our seventh country
- **2018**
Acquired Central Conveyor Company, an American company that manufactures and sells materials handling systems, as a consolidated subsidiary
- **2022**
Acquired a North American company that manufactures and sells flexible couplings as a wholly-owned subsidiary
- **2024**
Acquired EUROCATENA GmbH, a German manufacturer and seller of conveyor chains, as a consolidated subsidiary

Eleven-Year Selected Financial and Non-Financial Data

For the Year (Millions of yen)	FY2014	FY2015	FY2016
Net sales	196,738	203,976	198,762
Operating income	21,427	21,570	21,647
Ordinary income	22,263	22,109	22,004
Profit attributable to owners of parent	14,153	12,766	14,596
Capital expenditures	10,466	15,677	13,995
Depreciation and amortization	9,476	10,402	10,342
R&D costs	4,048	4,300	4,341
Net cash provided by operating activities	22,189	19,090	25,434
Net cash used in investing activities	(14,306)	(13,593)	(13,420)
Net cash (used in) provided by financing activities	(2,647)	(5,476)	(4,084)
Cash and cash equivalents at end of the year	27,360	26,422	34,142
At Year-End (Millions of yen)			
Total assets	258,742	254,106	267,215
Shareholders' equity	140,439	142,041	152,473
Interest-bearing debt	36,907	34,817	34,634
Net interest-bearing debt	9,547	8,394	493
Indexes			
Operating income ratio (%)	10.9	10.6	10.9
ROE*1 (%)	10.9	9.0	9.9
Equity ratio*2 (%)	54.3	55.9	57.1
D/E ratio (net)*3 (Times)	0.07	0.06	0.00
Profit attributable to owners of parent per share*4 (Yen)	75.65	68.24	78.03
Net assets per share*4 (Yen)	750.63	759.27	815.10
Dividends per share*4, 5 (Annual)	16	20	24
Dividend payout ratio (Consolidated) (%)	21.2	29.3	30.8
Overseas sales ratio (%)	54.0	54.5	54.9
CO ₂ emissions (t-CO ₂ /year)*6, 7	Major manufacturing bases in Japan	76,371	75,464
	Global	—	—
CO ₂ emissions (t-CO ₂) (Per million yen of output)*6, 7		—	—
Employees*8		7,398	7,579
			7,886

Numbers less than one million yen have been rounded down.

*1 ROE = Profit attributable to owners of parent ÷ Average shareholders' equity

*2 Equity ratio = Shareholders' equity ÷ Total assets

*3 D/E ratio (net) = Net interest-bearing debt ÷ Shareholders' equity

*4 Consolidated common shares at the ratio of five shares to one share on October 1, 2018.

Profit attributable to owners of parent per share, net assets per share, and dividends per share are calculated based on the assumption that the share consolidation was conducted at the beginning of the fiscal year ended March 31, 2018.

TSUBAKIMOTO CHAIN CO. and Consolidated Subsidiaries
Fiscal years from April 1 to March 31

FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
215,716	238,515	226,423	193,399	215,879	251,574	266,812	279,193
20,694	21,789	16,146	8,896	17,842	18,985	21,262	22,854
21,743	21,621	16,698	11,026	20,045	20,958	23,450	25,332
14,666	13,779	11,576	8,706	14,543	13,742	18,551	22,122
18,116	15,765	14,388	8,290	8,591	9,288	13,581	12,444
11,005	12,366	12,739	12,682	12,694	13,299	13,883	14,211
4,495	4,505	4,714	4,288	5,199	5,696	6,346	6,820
27,657	24,197	20,275	27,890	21,000	21,352	38,580	21,297
(17,389)	(32,088)	(14,241)	(9,560)	(9,075)	(9,279)	(9,161)	(11,834)
(13,191)	12,679	(10,385)	(4,354)	(7,780)	(9,963)	(15,695)	(21,655)
31,712	36,087	31,378	46,084	52,888	56,978	74,655	63,316
285,952	305,916	294,098	307,332	332,620	345,878	391,298	371,510
167,916	173,734	174,360	185,791	207,756	224,398	258,400	259,810
26,581	43,772	41,509	41,168	37,870	33,785	28,713	25,146
(5,131)	7,685	10,130	(4,916)	(15,018)	(23,192)	(45,942)	(38,170)
9.6	9.1	7.1	4.6	8.3	7.5	8.0	8.2
9.2	8.1	6.7	4.8	7.4	6.4	7.7	8.5
58.7	56.8	59.3	60.5	62.5	64.9	66.0	69.9
(0.03)	0.04	0.06	(0.03)	(0.07)	(0.10)	(0.18)	(0.15)
387.44	364.03	308.71	235.23	392.88	371.12	511.65	212.65
4,435.96	4,590.06	4,711.34	5,019.35	5,612.28	6,059.46	7,207.24	2,533.14
24	120	120	75	120	130	160	240
31.0	33.0	38.9	31.9	30.5	35.0	31.3	37.6
55.5	59.4	57.4	56.7	59.0	63.3	65.1	65.3
74,602	67,238	57,414	50,624	—	—	—	—
—	—	—	—	104,171	83,991	83,955	81,070
—	—	—	—	0.483	0.334	0.315	0.296
8,358	8,818	8,733	8,535	8,566	8,691	8,750	8,768

*5 Effective October 1, 2024, the Company split its common shares, but dividends per share for fiscal 2024 were calculated without factoring in the impact of the stock split.

*6 In accordance with the acquisition of SBT certification, as of fiscal 2021, the scope of calculation has been changed to calculation on a consolidated basis (from fiscal 2013 to fiscal 2020, the scope of calculation was the Group's 11 major manufacturing bases in Japan).

*7 The CO₂ emission factor for electric power uses the Emission Factors by Electric Utility Operator published by the Ministry of the Environment.

*8 Including contracted staff, temporary staff, etc.

Performance by Segment and Region

Performance by Business Segment (Millions of yen)

		FY2014	FY2015	FY2016
Chain Operations	Net sales* ¹	61,721	63,998	60,600
	Operating income	5,002	6,172	7,102
	Operating income ratio (%)	8.1	9.6	11.7
Motion Control Operations	Net sales* ¹	22,557	21,975	21,563
	Operating income	2,400	2,428	2,218
	Operating income ratio (%)	10.6	11.0	10.3
Mobility Operations	Net sales* ¹	66,978	73,473	75,147
	Operating income	11,916	12,258	12,385
	Operating income ratio (%)	17.8	16.7	16.5
Materials Handling Operations	Net sales* ¹	45,169	44,354	41,043
	Operating income	1,940	659	706
	Operating income ratio (%)	4.3	1.5	1.7
Others* ²	Net sales* ¹	2,968	3,186	3,001
	Operating income	123	84	(1)
	Operating income ratio (%)	4.2	2.6	—
Total	Net sales* ¹	196,738	203,976	198,762
	Operating income	21,427	21,570	21,647
	Operating income ratio (%)	10.9	10.6	10.9

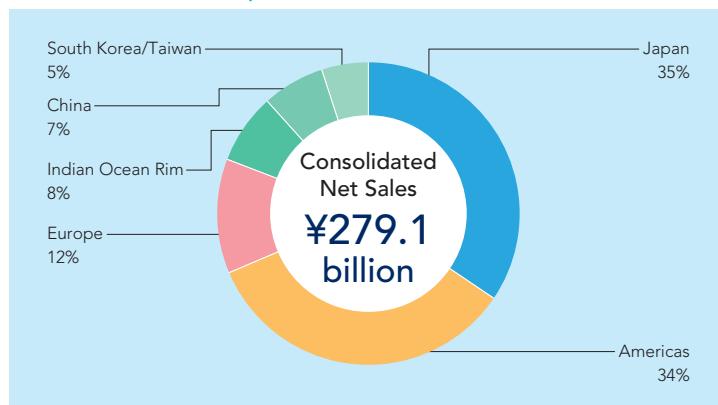
Performance by Geographic Segment (Millions of yen)

		FY2014	FY2015	FY2016
Japan	Net sales* ¹	119,349	121,347	117,795
	Operating income	12,694	12,621	11,351
Americas	Net sales* ¹	48,749	51,671	50,830
	Operating income	4,162	4,496	4,853
Europe	Net sales* ¹	26,545	24,219	23,181
	Operating income	890	531	687
Indian Ocean Rim	Net sales* ¹	10,718	12,626	12,763
	Operating income	1,385	1,680	1,744
China	Net sales* ¹	14,062	16,494	18,186
	Operating income	1,008	273	925
South Korea and Taiwan	Net sales* ¹	7,115	8,578	8,378
	Operating income	258	405	273

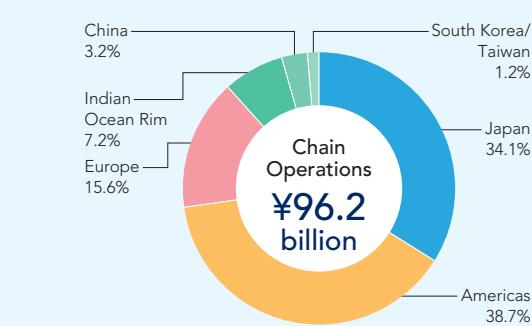
*1 Sales figures include internal sales and transfers between segments.

*2 Not included in reported segments; includes building maintenance, the insurance agency business, and other businesses.

Net Sales by Geographic Segment for FY2024



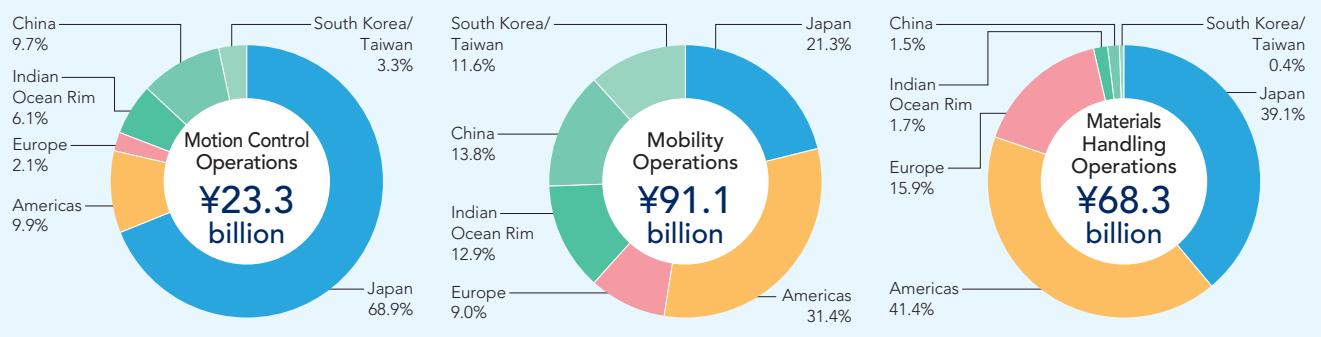
By Business Segment



Tsubakimoto Chain Co. and Consolidated Subsidiaries
Fiscal years from April 1 to March 31

FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
67,338	72,023	67,526	61,312	74,174	90,096	94,151	96,277
8,502	10,292	8,406	7,862	11,005	13,687	16,396	15,585
12.6	14.3	12.4	12.8	14.8	15.2	17.4	16.2
24,156	25,591	23,813	18,024	19,906	23,316	22,731	23,387
3,060	3,340	2,189	747	1,129	1,710	660	770
12.7	13.1	9.2	4.1	5.7	7.3	2.9	3.3
79,545	78,992	70,949	59,450	66,027	77,275	84,616	91,193
10,258	8,734	5,791	3,782	6,568	6,376	7,815	8,287
12.9	11.1	8.2	6.4	9.9	8.3	9.2	9.1
44,187	61,827	64,212	53,618	55,728	60,973	65,312	68,313
416	402	647	(2,202)	799	(888)	(1,165)	1,247
0.9	0.7	1.0	—	1.4	—	—	1.8
3,331	3,548	3,542	3,941	3,074	3,200	3,404	3,547
(41)	(43)	20	(330)	(442)	(534)	(944)	(833)
—	—	0.6	—	—	—	—	—
215,716	238,515	226,423	193,399	215,879	251,574	266,812	279,193
20,694	21,789	16,146	8,896	17,842	18,985	21,262	22,854
9.6	9.1	7.1	4.6	8.3	7.5	8.0	8.2

125,380	127,439	120,621	104,416	118,089	122,196	123,946	126,576
12,231	12,702	9,224	4,577	8,772	7,946	6,536	5,326
52,862	67,462	63,371	53,473	59,484	80,097	89,817	96,585
3,034	2,664	1,719	(666)	3,026	3,879	6,168	9,382
25,620	27,779	25,321	20,267	24,409	30,849	34,899	35,909
176	187	(77)	897	1,255	1,675	3,079	2,626
14,850	17,488	16,639	12,752	16,539	20,128	21,612	21,153
2,138	2,837	1,961	1,215	1,970	2,352	2,523	2,475
22,251	22,946	20,523	19,682	22,311	24,012	20,737	21,296
864	1,175	1,069	1,280	1,686	1,375	168	101
9,684	9,440	9,661	8,054	10,019	11,062	11,903	13,093
471	314	400	(47)	312	291	237	457



Principal Tsubaki Group Companies

(As of March 31, 2025)

Japan

Tsubakimoto Custom Chain Co.
Tsubakimoto Sprocket Co.
Tsubaki Yamakyu Chain Co.
Tsubakimoto Iron Casting Co.
Shinko Machinery Co., Ltd.*1
Tsubakimoto Machinery Co.
Tsubakimoto Bulk Systems Corp.
Tsubakimoto Mayfran Inc.
Tsubaki Support Center Co.
Nexa Ware Co. Ltd.*1
Tsubaki VegyMove Co.

5 other companies

Americas

U.S. Tsubaki Holdings, Inc.
U.S. Tsubaki Power Transmission, LLC
U.S. Tsubaki Automotive, LLC
U.S. Tsubaki Material Handling, LLC
Central Automation Holdings, Inc.
U.S. Tsubaki Industrial, LLC
Tsubaki Kabelschlepp America, Inc.
Tsubaki Brasil Equipamentos Industriais Ltda.
Central Conveyor Company, LLC
Central Process Engineering, LLC
Central Industrial, LLC
Electrical Insights, LLC
KCI, Incorporated
TSUBAKI ATR, LLC
Tsubaki of Canada Limited
Mayfran International, Incorporated
Conergics International, LLC
Press Room Techniques Co.
Tsubakimoto Automotive Mexico S.A. de C.V.

1 other company

Europe

Tsubakimoto Europe B.V.
Tsubakimoto UK Ltd.
Tsubaki Deutschland GmbH
EUROCATENA GmbH*2
Tsubaki Automotive Czech Republic s.r.o.
Tsubaki Ibérica Power Transmission, S.L.
Tsubaki Kabelschlepp GmbH
Kabelschlepp GmbH-Hünsborn
Kabelschlepp Italia S.R.L.
Metool Products Limited
Kabelschlepp France S.A.R.L.
Kabelschlepp Systemtechnik spol. s.r.o.

Mayfran U.K. Limited

Mayfran GmbH
Mayfran Limburg B.V.
Mayfran International B.V.
Mayfran France S.A.R.L.
Kabelschlepp SP. Z.O.O.

3 other companies

Indian Ocean Rim

Tsubakimoto Singapore Pte. Ltd.
PT. Tsubaki Indonesia Manufacturing
PT. Tsubaki Indonesia Trading
Tsubaki Power Transmission (Malaysia) Sdn. Bhd.
Tsubakimoto (Thailand) Co., Ltd.
Tsubaki India Power Transmission Private Limited
Tsubaki Conveyor Systems India Private Limited*1
Tsubakimoto Vietnam Co., Ltd.
Tsubakimoto Philippines Corporation
Tsubaki Australia Pty. Limited
Tsubakimoto Automotive (Thailand) Co., Ltd.
Kabelschlepp India Private Limited

1 other company

China

Tsubakimoto Chain (Shanghai) Co., Ltd.
Tsubaki Motion Control (Shanghai) Co., Ltd.
Tsubakimoto Automotive (Shanghai) Co., Ltd.
Tsubaki Everbest Gear (Tianjin) Co., Ltd.
Tsubakimoto Chain (Tianjin) Co., Ltd.
Tsubakimoto Bulk Systems (Shanghai) Corp.
Kabelschlepp China Co., Ltd.
Tianjin Tsubakimoto Conveyor Systems Co., Ltd.
Tsubaki CAPT Power Transmission (Shijiazhuang) Co., Ltd.*1

2 other companies

South Korea and Taiwan

Taiwan Tsubakimoto Co.
Taiwan Tsubakimoto Trading Co., Ltd.*1
Tsubakimoto Automotive Korea Co., Ltd.
Tsubakimoto Korea Co., Ltd.

1 other company

*1 indicates a non-consolidated subsidiary.

*2 Name changed to Tsubaki Jungbluth GmbH on August 1, 2025

Corporate Data and Stock Information

(As of March 31, 2025)

Corporate Data

Company Name	Tsubakimoto Chain Co.
Date of Foundation	December 1917
Date of Incorporation	January 31, 1941
Paid-In Capital	¥17,076 million
Headquarters	3-3-3, Nakanoshima, Kita-ku, Osaka 530-0005, Japan
Phone	+81 (6) 6441-0011 (Reception)
Fiscal Year-End	March 31

Number of Consolidated Subsidiaries	68
Number of Non-consolidated Subsidiaries	10
Number of Affiliates	8 (including 2 equity-method affiliates)
Number of Employees* (Consolidated)	8,768
Manufacturing Facilities	Kyotanabe, Saitama, Nagaokakyo, Hyogo, Okayama
Branch Offices	Tokyo, Nagoya, Osaka, DX & IT (Ikebukuro, Tokyo)
Sales Offices	Omiya, Toyota, North Osaka, Hiroshima, Kyushu

* Including contracted staff, temporary staff, etc.

Stock Information

Shareholder Register	Sumitomo Mitsui Trust Bank, Limited
Stock Listing	Tokyo Stock Exchange (Prime Market)
Common Stock	Authorized: 179,400,000 shares Issued: 106,213,279 shares
Number of Shareholders	16,495

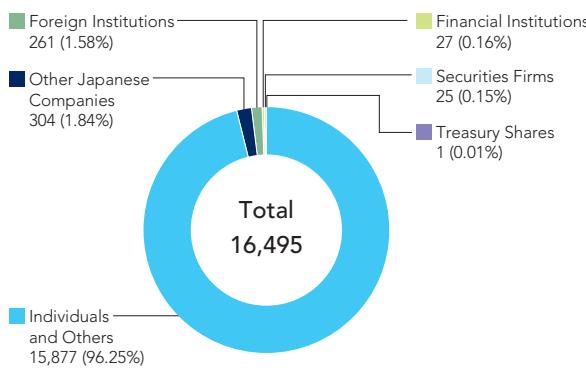
Major Shareholders (Top 10)

Name	Number of Shares Held (Thousands)	Percentage of Total Shares Issued (%)
The Master Trust Bank of Japan Ltd. (Trust account)	11,608	11.32
Taiyo Life Insurance Company	9,130	8.90
Kyoeikai Members Stock Ownership Association	4,873	4.75
STATE STREET BANK AND TRUST COMPANY 505001	4,203	4.10
Nippon Life Insurance Company	4,137	4.03
Tsubakimoto Kogyo Co. Ltd.	3,476	3.39
Sumitomo Mitsui Banking Corporation	3,000	2.93
Custody Bank of Japan Ltd. (Trust account)	2,170	2.12
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	1,696	1.65
The Nomura Trust and Banking Co. Ltd. (Investment Trust Account)	1,568	1.53

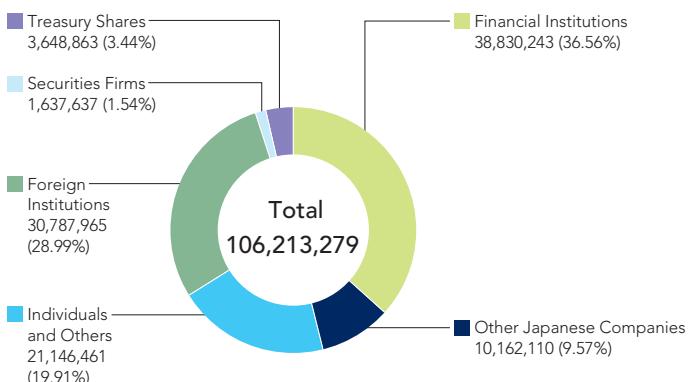
(Notes) 1. Numbers less than 1,000 have been rounded down.
2. Although the Company holds treasury stock of 3,648,863 shares, it is not included in the above list of major shareholders.
3. Percentage of total shares issued has been calculated excluding the treasury stock of 3,648,863 shares

Shareholder Composition

Number of Shareholders



Number of Shares Held



Contact for inquiries regarding
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TSUBAKIMOTO CHAIN CO.

<https://tsubakimoto.com>

