TSUBAKIMOTO CHAIN CO.

Mid-Term Plan 2030 Presentation Meeting

May 29, 2026

[Number of Speakers]	6	
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Mid-Term Management Plan 2030

TSUBAKIMOTO CHAIN CO.

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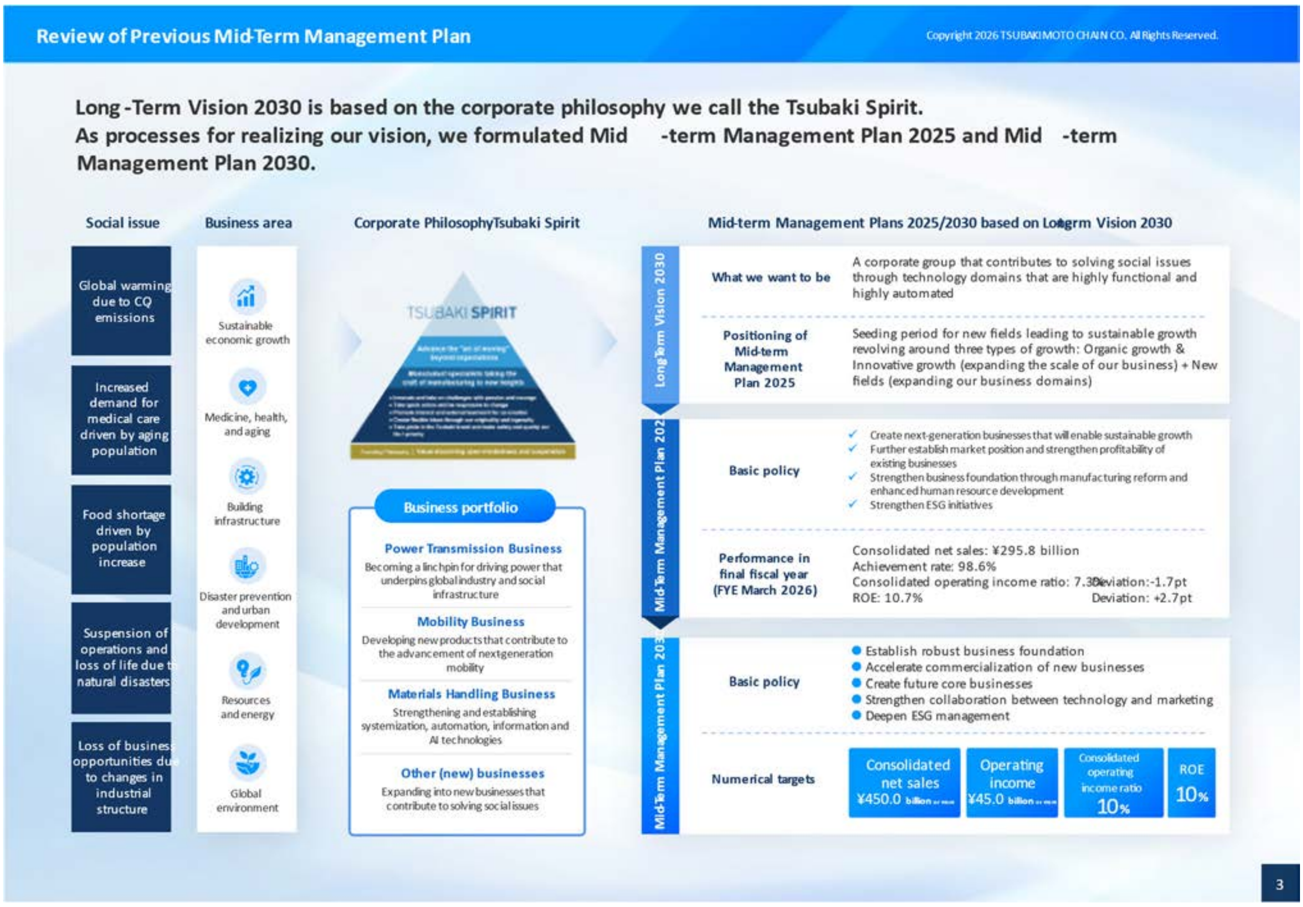
I will explain our Mid-Term Plan 2030.



First, I will briefly review the Mid-Term Plan 2025.

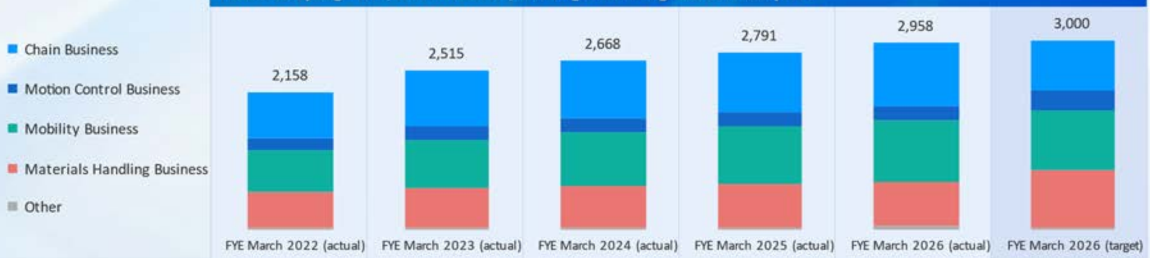
We have positioned the Mid-Term Plan 2025 and 2030 as key milestones toward the realization of our Long-Term Vision 2030.

The Mid-Term Plan 2025 was established as a period for building a foundation for sustainable growth, including strengthening our business base and launching new businesses.

I will discuss the results achieved, and challenges identified in the following slides.

Compared to KPIs in Mid -term Management Plan 2025, consolidated performance in FYE March 2026 was 98.6% for net sales, -1.7 pt for operating income ratio, and +2.7 pt for ROE.

Net sales by segment (Unit: ¥100 million)/ Leading financial figures over the years



	FYE March 2022 (actual)		FYE March 2023 (actual)		FYE March 2024 (actual)		FYE March 2025 (actual)		FYE March 2026 (actual)		FYE March 2026 (target)
EBITDA (margin)	¥30.8 billion	14.3%	¥32.7 billion	13.0%	¥35.3 billion	13.2%	¥37.2 billion	13.4%	¥36.7billion	12.4%	NA
Operating income (ratio)	¥17.8 billion	8.3%	¥18.9 billion	7.6%	¥21.2 billion	8.0%	¥22.8 billion	8.2%	¥21.5billion	7.3%	¥27.0 billion≦ (9%-11%)
Chain Business	¥11.0 billion	14.8%	¥13.6 billion	15.2%	¥16.3 billion	17.4%	¥15.5 billion	16.2%	¥15.3 billion	15.1%	¥12.0 billion≦ (15%≦)
Motion Control Business	¥1.1 billion	5.7%	¥1.7 billion	7.3%	¥0.6 billion	2.9%	¥0.7 billion	3.3%	¥0.9 billion	4.1%	¥3.8 billion≦ (12%≦)
Mobility Business	¥6.5 billion	9.9%	¥6.3 billion	8.3%	¥7.8 billion	9.2%	¥8.2 billion	9.1%	¥10.0 billion	10.3%	¥10.4 billion≦ (11%≦)
Materials Handling Business	¥0.7 billion	1.4%	-¥0.8 billion	-1.5%	-¥1.1 billion	-1.8%	¥1.2 billion	1.8%	¥0.9 billion	1.4%	¥5.4 billion≦ (6%≦)
Other	-¥0.4 billion	-14.4%	-¥0.5 billion	-16.7%	-¥0.9 billion	-27.7%	-¥0.8 billion	-23.5%	-¥1.1 billion	-23.4%	NA
Net income (margin)	¥14.5 billion	6.7%	¥13.7 billion	5.5%	¥18.5 billion	7.0%	¥22.1 billion	7.9%	¥29.7 billion	10.0%	NA
EPS	¥392.88		¥371.12		¥511.65		¥212.65 *1		¥295.80		NA
Consolidated dividend payout ratio	30.5%		35.0%		31.3%		37.6%		35.0% *2		35%≦
ROE	7.4%		6.4%		7.7%		8.5%		10.7%		8%≦

*1: On October 1, 2024, the Company split its common shares at a ratio of 1 to 3; values for FYE March 2025 are calculated as though the split had been executed at the beginning of the fiscal year
*2: The consolidated dividend payout ratio for FYE March 2026 is calculated excluding gain on bargain purchase and other items not associated with cash inflows

In our Mid-Term Plan 2025, we worked to expand net sales and operating income, sow the seeds for new businesses, implement growth investments, and actively enhance shareholder returns.

On the other hand, we did not achieve our quantitative targets in the final fiscal year of the plan.

Review of Previous Mid-Term Management Plan: Evaluation of Basic Policy

We made measurable progress on the four basic policies of Mid -term Management Plan 2025, particularly in strengthening our offensive with global top products and ESG -related initiatives. On the other hand, we recognize that we did not achieve enough in terms of developing next -generation businesses, expanding business with niche -leading products, and realizing revenue growth.

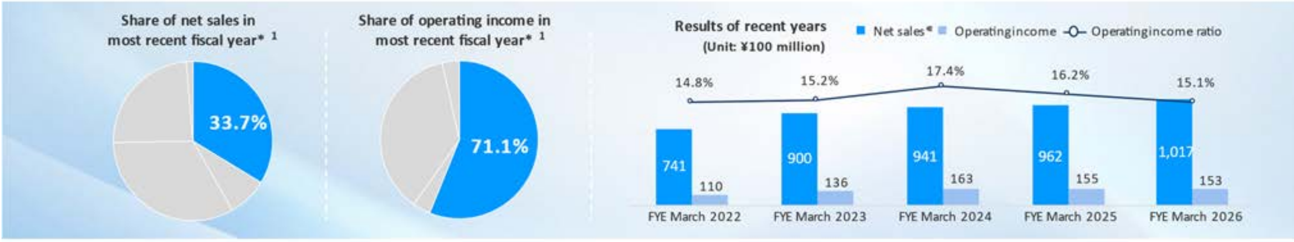
Basic policy	Business area	Evaluation	Success factors	Future issues
Create next-generation businesses that will enable sustainable growth	Enter into new business fields that address social issues	○	Advanced agribusiness predicated on building a safe and secure infrastructure for living	Make clear progress toward expansion and monetization in new businesses
	Create and develop new products and businesses to solve social issues	△	Established initial foundations for new mobility, human assistance, and engine powered drone businesses	
Further establish market position and strengthen profitability of existing businesses	Global top products: Maintain and strengthen competitive advantage	○	Acquired German company EUROCATENA, developed world's smallest roller chain	–
	Niche-leading products: Expand sales by improving price competitiveness	△	Maintained appropriate retail prices, implemented corrective measures to address unprofitability in specific products	Generate multifaceted synergy from acquisition of DAIDO KOGYO
Strengthen business foundation through manufacturing reform and enhanced human resource development	Promote Companywide initiatives to address common issues in safety, quality, labor-saving, and productivity	○	Strengthened employee engagement through productivity improvement initiatives at each plant, enhancement of employee development programs, wage increases, and health promotion initiatives	–
Strengthen ESG initiatives	Reduce total CO_2 emissions	○	Installed in-house power generation facilities, purchased carbon-free power	–
	Enhance social value (CSV) through products	△	Reduced CO_2 emissions through sustainable product development	Improve sustainable product net sales
	Strengthen governance and business infrastructure	○	Changed officer remuneration system indicators, improved maturity of BCP training	–

In our Mid-Term Plan 2025, we also established and pursued key policies, including building a strong business foundation and commercializing new businesses.

As a result, we made steady progress in areas such as strengthening the competitiveness of our global top products and advancing ESG-related initiatives.

On the other hand, we did not achieve sufficient results in areas such as the commercialization of new businesses, expansion of niche top products, and improvement of profitability, and we recognize these as key challenges going forward.

Net sales expansion exceeded expectations thanks to M&A, new product development, and stronger customer relationships.



	Policy in Mid-term Management Plan 2025	Results of Mid-term Management Plan 2025	Future issues
Business foundation expansion	■ Promote matrix management • Expand sales in existing markets • Expand presence in underserved areas	■ Acquired German company EUROCATENA (2024) • Established development/manufacturing base in Europe ■ Opened local offices in underserved areas • Expanded sales channels in India/Africa	■ Existing markets: Maximize synergy with acquired companies through cross-selling of products, etc. ■ New markets: Expand net sales in the Global South
	■ Marketing reforms • Promote DX sales	■ Introduced CRM/SFA ■ Expanded into solution-type business	■ Raise solution-type business share of net sales
	■ Innovation in product development • Tailor product development to industry needs in each region	■ Implemented product development through dialogue with end users • World's smallest roller chain, etc.	■ Promote market-focused product development through dialogue with end users ■ Establish global product development system
Productivity improvement	■ Manufacturing reforms • Strengthen profitability through productivity improvement by promoting automation/labor saving	■ Promoted capital investment and improvement activities (LinK 2025) toward automation/labor-saving	■ Sustain manufacturing reforms • Continue capital investment and improvement activities toward automation/labor-saving • Make investments with an awareness of capital costs

*1: Values take into account the "Other" business segment, which is not included in reporting segments
*2: Net sales include internal sales and transfers between segments

I will now explain the results by business segment.

First, the Chain segment.

As part of expanding our business foundation, we worked to increase net sales through M&A, new product development, and stronger customer relationships, and achieved progress that exceeded expectations.

With respect to the promotion of matrix management, we advanced sales expansion in existing markets and expanded our presence in previously untapped regions.
As a result, we established a manufacturing base in Europe through acquisition of Eurocatena GmbH and expanded our sales channels in India and Africa.

In product development, we advanced new product development through close dialogue with end users, leading to development of products such as the world's smallest roller chain.

We also advanced manufacturing reform through capital investments and improvement initiatives aimed at automation and labor savings.

Going forward, we recognize the need to further accelerate these initiatives, including maximizing synergies with Daido Kogyo and expanding sales in the Global South region, as key challenges.

While the market stalled and net sales expansion was limited, we made steady progress in product development and built up our business foundation, primarily by expanding product coverage through M&A.

	Policy in Mid-term Management Plan 2025	Results of Mid-term Management Plan 2025	Future issues
Business foundation expansion	■ Promote matrix management • Expand sales in existing markets • Expand presence in underserved areas	■ Acquired US company ATR (2022) • Expanded product coverage ■ Opened local offices in underserved areas • Expanded sales channels in India/Africa	■ Existing markets: Maximize synergy with acquired companies through cross-selling of products ■ Underserved areas: Strengthen sales outside Japan
	■ Marketing reforms • Promote DX sales	■ Introduced CRM/SFA ■ Expanded into solution-type business	■ Raise solution-type business share of net sales
	■ Innovation in product development • Tailor product development to industry needs in each region	■ Implemented product development through dialogue with end users, completed development of arc chain actuator ■ Launched modular products, developed hydraulic replacement cylinders ■ Brought DC brushless motor manufacturing in-house	■ Promote market-focused product development through dialogue with end users ■ Establish global product development system
Productivity improvement	■ Manufacturing reforms • Strengthen profitability through productivity improvement by promoting automation/labor-saving	■ Promoted capital investment and improvement activities (Connect 2025) toward automation/labor-saving	■ Sustain manufacturing reforms • Continue capital investment and improvement activities toward automation/labor-saving • Make investments with an awareness of capital costs

*1: Values take into account the "Other" business segment, which is not included in reporting segments
*2: Net sales include internal sales and transfers between segments

Next, is the Motion Control segment.

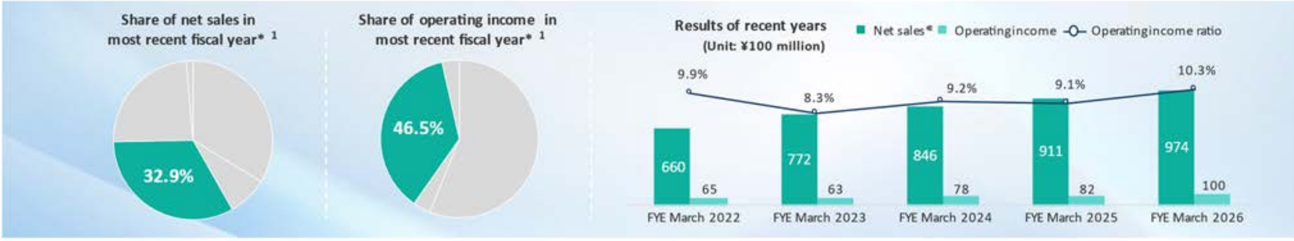
This business experienced limited sales growth against a backdrop of stagnant semiconductor and machine tool markets. As a result, both sales and profit fell short of the plan. However, we made steady progress in strengthening the business foundation.

With respect to the promotion of matrix management, we expanded our product portfolio through the acquisition of ATR Sales, Inc. in the US, a manufacturer and distributor of flex couplings, and advanced the development of dealers, sales networks, and business bases in previously untapped regions.

In product development, we achieved tangible progress, including the development of arc chain actuators and hydraulic replacement cylinders, as well as the in-house production of DC brushless motors.

On the other hand, these initiatives did not sufficiently translate into sales growth and profit expansion. We therefore recognize the expansion of flex coupling sales outside the US, strengthening sales capabilities in untapped regions, advancing market-in product development, and establishing a global product development framework as the key challenges going forward.

Although net sales were generally in line with plans, operating income ratio fell short of the target.
On the other hand, we are making clear progress on launching new products, reorganizing production bases, and the like.



	Policy in Mid-term Management Plan 2025	Results of Mid-term Management Plan 2025	Future issues
Business foundation expansion	■ Maximize profits of internal combustion engine business	■ Consolidated locations • Consolidated locations in Thailand, Europe, and China ■ Conducted value analysis (VA) activities • Implemented cost reductions throughout the value chain ■ Developed/won business for eco-friendly vehicle models (HEV/PHEV)	■ Continue location optimization activities ■ Continue VA activities ■ Develop/win more business for burgeoning eco friendly vehicle models, with new customers primarily from China
	■ Establish new businesses • Nonintemal combustion engine business	■ Expanded automotive clutch business • In FY2024, received first order for one-way clutches for power mode switching in PHEVs • Demand currently on the rise in Japan, Europe, and China	■ Automotive clutch: Expand business for diverse applications ■ Promote further product development in non internal combustion engine area
Productivity improvement	■ Manufacturing reforms ■ Strengthen profitability through transformation into flexible, streamlined factories that are comfortable for employees	■ Promoted capital investment and improvement activities (MAC 2025) toward automation/labor-saving	■ Sustain manufacturing reforms • Continue capital investment and improvement activities toward automation/labor-saving • Make investments with an awareness of capital costs

*1: Values take into account the "Other" business segment, which is not included in reporting segments
*2: Net sales include internal sales and transfers between segments

Next, is the Mobility segment.

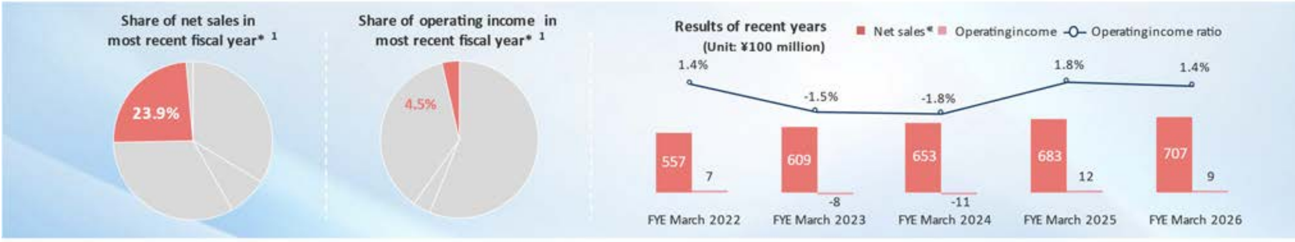
Sales were approximately in line with plan, while the operating income margin was below target.
Overall, however, we recognize that progress was generally in line with expectations.

First, in the internal combustion engine business, we worked to strengthen profitability by advancing cost reductions through the consolidation and closure of production bases, as well as advancing the development of environmentally compliant vehicle-specification products for hybrid and plug-in hybrid vehicles and by securing orders for these products.

In addition, in the establishment of new businesses, we worked on expanding our automotive clutch business, and in FY2024 we achieved concrete results, including our first order for a one-way clutch used in plug-in hybrid power-switching systems. Furthermore, we advanced manufacturing reform through capital investments and initiatives aimed at automation and labor savings.

Going forward, we will continue efforts to optimize our global footprint and reduce costs across the entire value chain, while strengthening product development and order acquisition in response to the expansion of environmentally compliant vehicles.
We will also focus on product development in non-internal combustion engine areas and on expanding applications for automotive clutches.

Despite efforts to turn around Central Conveyor Company (USA) and enhance after -sales service to expand recurring revenue, the situation remains challenging, and the targets were not achieved.



	Policy in Mid-term Management Plan 2025	Results of Mid-term Management Plan 2025	Future issues
Business foundation expansion	■ Turn around Central Conveyor Company (USA)	■ Changed management structure ■ Established a business model that does not rely on major customers	■ Improve net sales growth rate ■ Further promote organizational restructuring
	■ Strengthen core technologies, advanced technologies, and engineering capabilities	■ Developed practical applications for world-leading AI image recognition technology ■ Developed new products for warehouse automation/DX promotion ■ Enhanced ceiling conveyor equipment	■ Use AI image recognition technology to promote DX in core operations and transition to data-driven business ■ Strengthen variation of ceiling conveyors
	■ Expand maintenance business	■ Provided maintenance services for competitors' products ■ Expanded after-sales business for Tsubaki Group	■ Further expand recurring revenue
	■ Expand system integration business	■ Expanded solutions development • Expanded services for Nexa Ware (joint venture with KDDI) • Expanded presence in the Indian market through the newly consolidated company	■ Further expand solutions development

Recorded impairment loss at Central Conveyor Company (USA)	In FYE March 2026, we recorded an impairment loss of ¥4,214 million to write down the entire book value of customer-related assets and trademark rights. Consequently, the remaining book value of these intangible fixed assets is now zero.

*1: Values take into account the "Other" business segment, which is not included in reporting segments
*2: Net sales include internal sales and transfers between segments

For the Materials Handling segment, toward future growth, we worked on strengthening the business foundation and nurturing new businesses centered on after-sales service.

In the after-sales business, we expanded maintenance and service offerings following product delivery, including support for third-party equipment.

In addition, in India, a growth market, we established a foundation for future growth through a newly consolidated subsidiary.

Furthermore, within the solutions domain, led by our subsidiary Nexa Ware, we are advancing value-added solutions and DX initiatives within the Materials Handling segment.

On the other hand, several challenges have also become apparent. In particular, profitability in the North American material handling business has not improved sufficiently, and the business has yet to establish a stable earnings base.

Building on these achievements while addressing the challenges identified, under the Mid-Term Management Plan 2030, we will work to transform our business model and build a more repeatable and profitable business structure.

Review of Previous Mid-Term Management Plan: ESG

Mid-Term Management Plan 2025 Non-Financial KPI Targets and Results

	KPI	Mid-term Management Plan 2025 target	Result
E Environment	Climate change/CDP score	B	B
	Carbon neutrality (CO_2 emissions reduction)	(Japan) 30% reduction compared with FY2013 levels	(Japan) 43.8% reduction
	Total external emissions reduction rate	10% reduction per unit of production value compared with FY2013 levels (Japan) 50% of all locations achieve 15% reduction (Overseas) 100% implementation rate of Global Environmental Management Manual	10 of 11 locations achieved 15% reduction (91% achievement rate) 100% (KPI data collection rate)
	Recycling rate	(Japan) 99% or more	5 of 11 locations achieved target (45% achievement rate)
S Society	Human rights due diligence implementation	100% implementation rate at all Group companies in Japan and overseas	100% implementation rate at all Group companies in Japan and overseas
	Employment rate of people with disabilities	2.7% (Company)	3.08% (Company)
	Percentage of senior roles held by women	10% (FY2030)	5.2%
	Number of companies issuing sustainability guidelines (cumulative)	1,500 companies	1,611 companies
G Governance	Number of serious violations of company rules	0	0
	Number of operators completing BCP reconstruction	FY2023: 17	Completed June 2023
	Number of serious system incidents	0	0

Next, I will explain our non-financial KPIs.

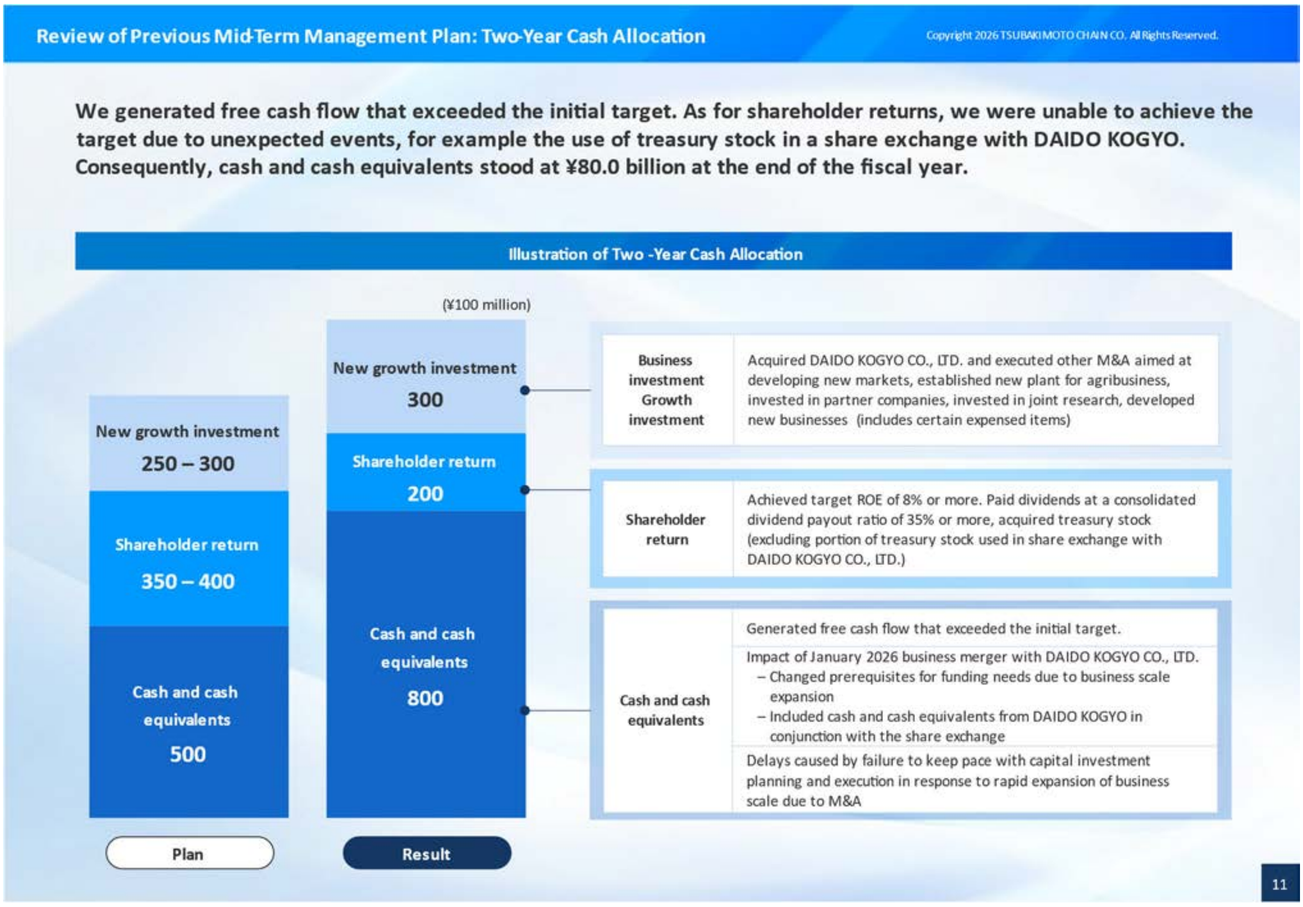
Overall, initiatives in the areas of environment, society, and governance are progressing steadily.

First, in the environmental area, progress in reducing total CO_2 emissions is exceeding target levels, and our decarbonization efforts are steadily advancing.
External evaluations and various initiatives are also being deployed broadly in line with targets.
On the other hand, for certain indicators, such as the recycling rate, results still leave room for improvement relative to targets.

In the social area, as part of sustainable procurement, we steadily advanced initiatives such as human rights due diligence and the implementation of sustainable procurement questionnaires.
On the other hand, we recognize the need to further strengthen our initiatives in the area of diversity-related indicators.

In the governance area, no serious compliance violations have occurred, and we are maintaining stable operations.

Taking these results into account, for areas with remaining challenges, we will continue to drive improvements and promote ESG management integrated with business growth.



Finally, cash allocation.

In May 2024, in response to the need for management that is more conscious of cost of capital and stock price, our company announced a two-year cash allocation plan. Under this plan, we generated free cash flow at a level exceeding the initial plan. We also steadily executed growth investments, including M&A, investments for new business creation, and R&D investments, and as a result, achieved our ROE target of 8% or higher.

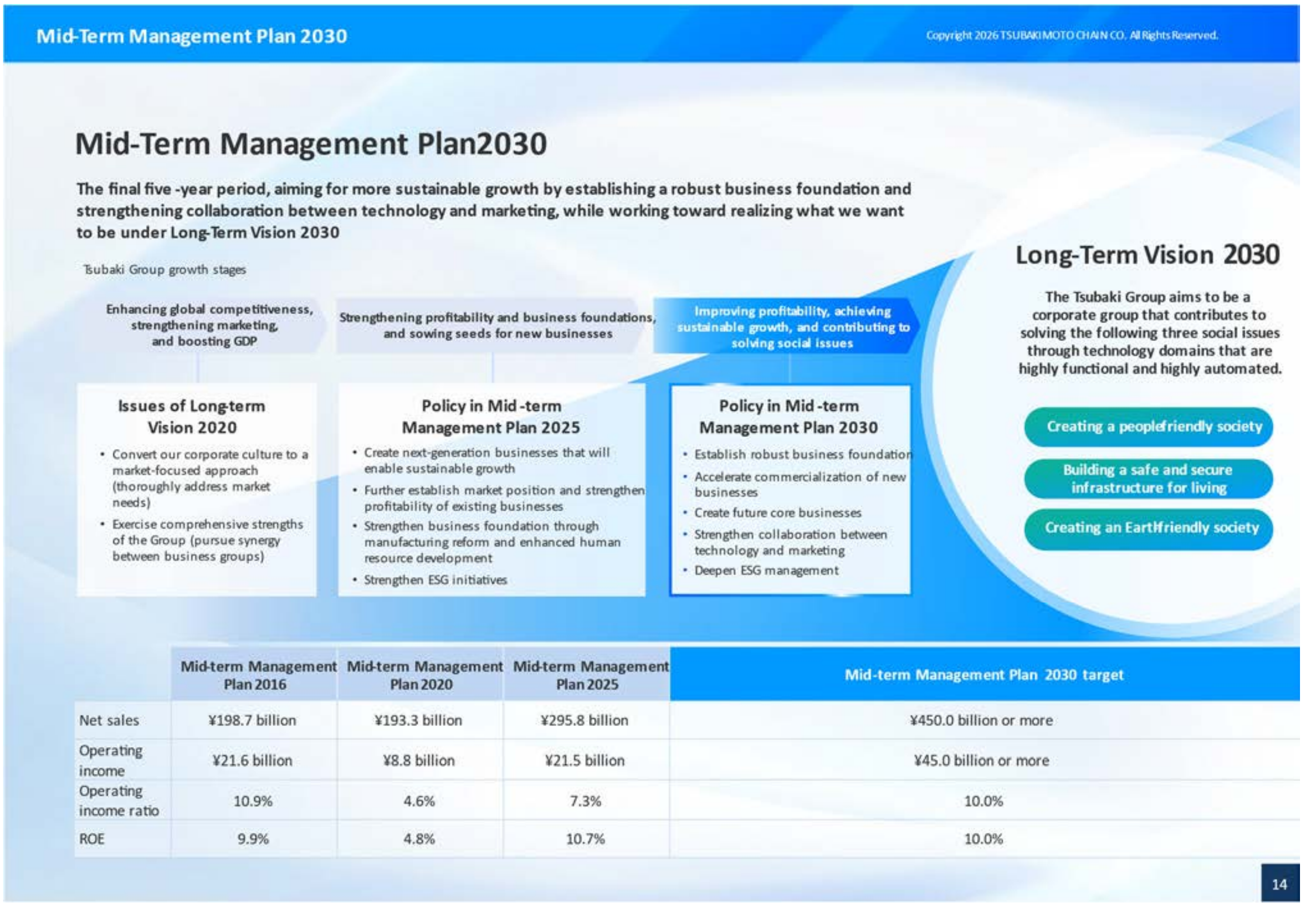
On the other hand, with respect to shareholder returns, we utilized share repurchases for the share exchange with Daido Kogyo, among other factors not initially assumed. In addition, since Daido Kogyo became a subsidiary at the end of the mid-term plan period, we were not able to fully incorporate the associated funding requirements in time.
As a result, the year-end cash and deposits balance is JPY80 billion, exceeding the initial plan.
Taking this level into account, we will aim for a more appropriate balance between growth investment and shareholder returns in the Mid-Term Plan 2030.

From here, I will explain the Mid-Term Plan 2030.

First, I will explain the Long-Term Vision 2030, which serves as the premise for the Mid-Term Plan 2030.

We formulated our Long-Term Vision 2030 in 2021 and have been advancing initiatives toward its realization.
Our long-term vision remains unchanged, and there is no change in the direction we are aiming for.

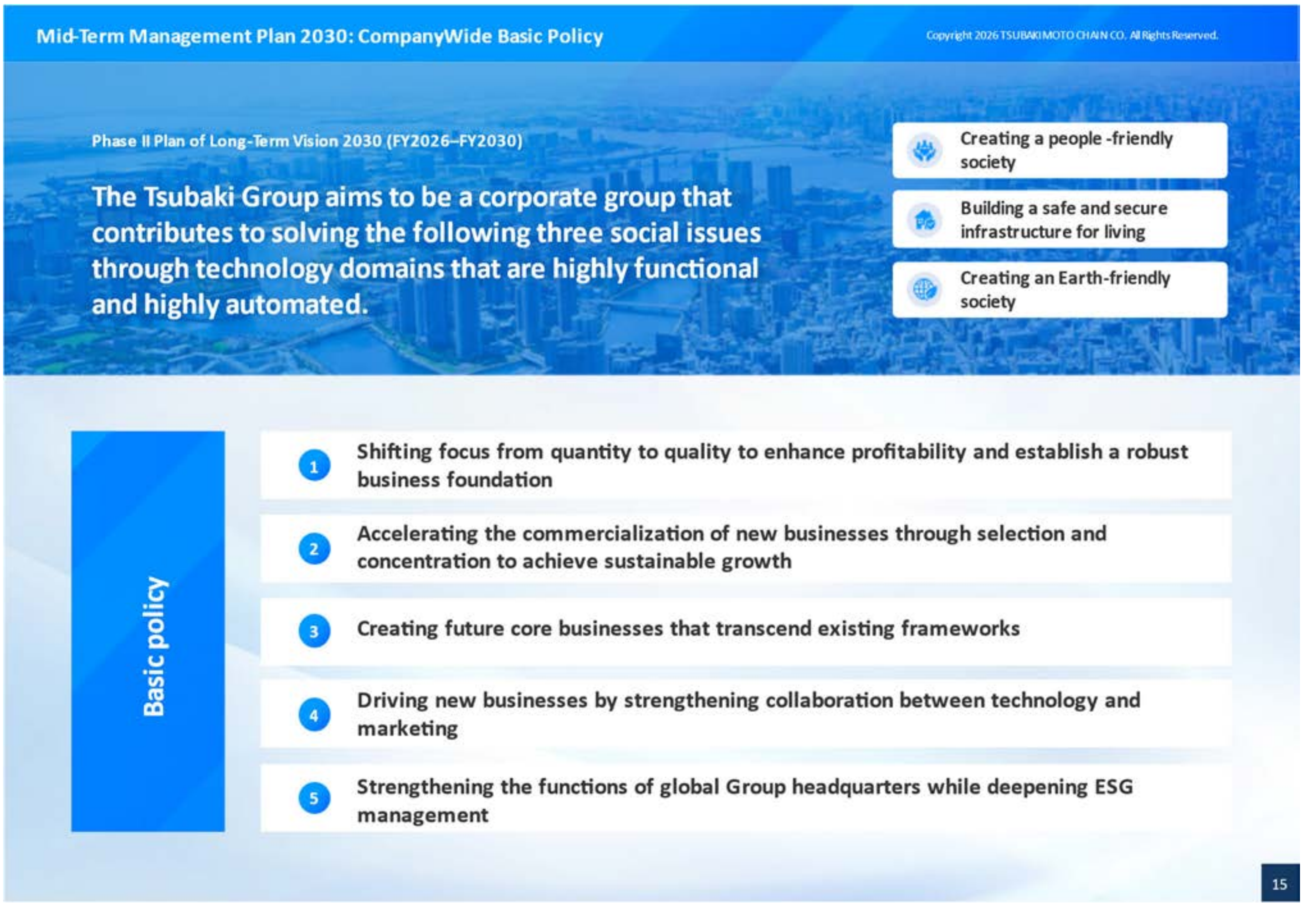
We are aiming to become a corporate group that contributes to solving social issues through high functionality and advanced automation technology.
Specifically, we will create and provide value in three areas: creating a people-friendly society, building a safe and secure infrastructure for living, and creating an Earth-friendly society.



The Mid-Term Plan 2030 is positioned as the final five year-stage toward realization of our Long-Term Vision 2030.

Under the Mid-Term Plan 2025, we worked to build a foundation for sustainable growth, including strengthening our business foundation and launching new businesses.

Building on these efforts, in the Mid-Term Plan 2030, we will leverage the business foundation we have established to achieve both improved profitability and continued growth, while accelerating our efforts toward realizing the vision set forth in our Long-Term Vision 2030.



The Mid-Term Plan 2030 sets forth five key policies.

First, under the theme “from quantity to quality,” we will strengthen profitability and build a strong business foundation.

Second, we will accelerate the commercialization of new businesses through selection and concentration, and achieve sustainable growth.

Third, we will create future core businesses that go beyond existing business frameworks.

Fourth, we will drive new businesses through the integration of technology and marketing.

Fifth, we will strengthen global group headquarters functions and further advance ESG management.

Now, I will explain the details of each of the basic policies.

Let me begin with the first basic policy, “from quantity to quality.”

Under this policy, we will shift from a focus solely on business scale expansion to business management that also places greater emphasis on profitability.

This chart illustrates that concept through our business portfolio.

Growth is shown on the vertical axis and profitability on the horizontal axis, with businesses such as Power Transmission, Mobility, and Materials Handling positioned accordingly.

First, we position the Power Transmission and Mobility segments as core businesses that will support the earnings of the overall portfolio while driving both profitability improvement and growth.

On the other hand, for businesses where profitability is currently low, particularly the Materials Handling segment, we will work to improve profitability through structural reforms and business model transformation.

Furthermore, we will continue to invest in and nurture new businesses with the aim of developing them into future core businesses.

In this way, by clarifying the role of each business, we will optimize the allocation of management resources and aim to improve the profitability and growth of the overall portfolio.

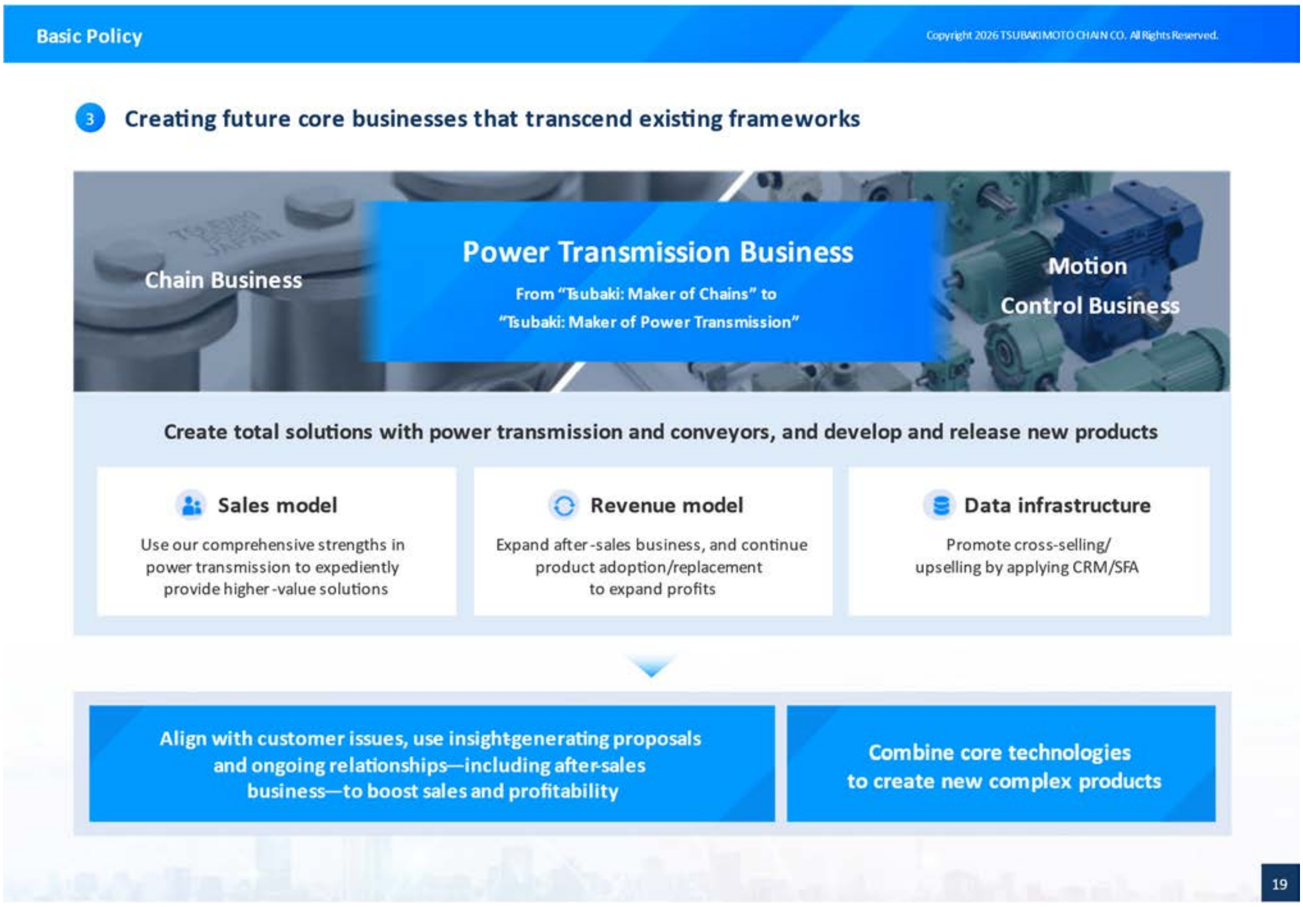
Next, I will explain the second basic policy: accelerating the commercialization of new businesses through selection and concentration.

Under the Mid-Term Plan 2025, our new business initiatives were largely in a seeding phase, focused on identifying which themes had the potential to become viable businesses.
Going forward, under this plan, we will transition to a phase focused on establishing these businesses and delivering tangible results.

To achieve this, we will adopt a selection-and-concentration approach, narrowing our focus to themes based on criteria such as contribution to solving social issues, market potential, and profitability, and allocating management resources intensively to those selected areas.

In addition, we have been preparing an Innovation Center as a mechanism to accelerate commercialization, and I will explain its specific role later.

In this way, by reviewing and strengthening the process from theme selection through commercialization, we will accelerate the commercialization of new businesses and drive sustainable growth.



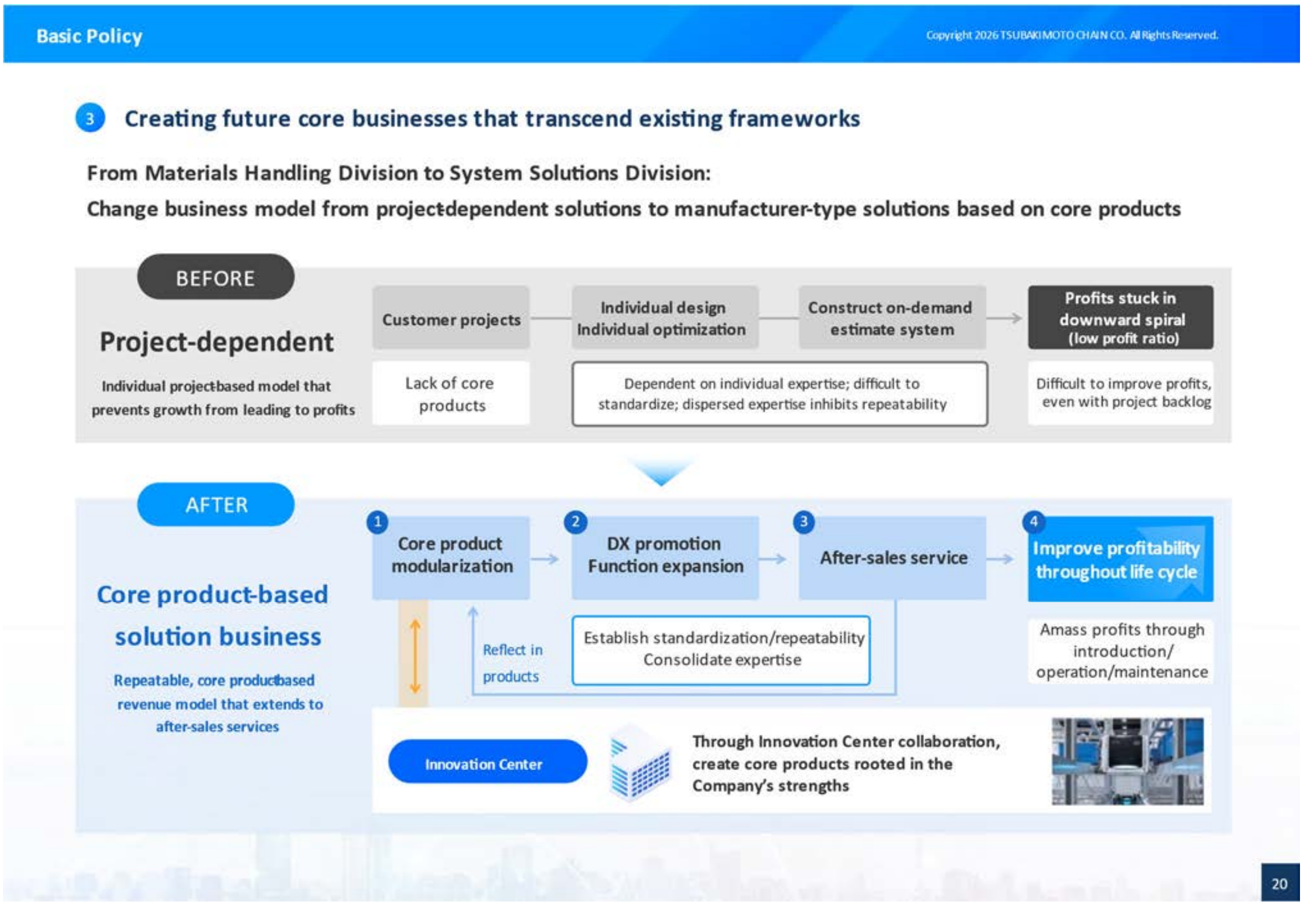
Next, I will explain the third basic policy: creating future core businesses that go beyond existing frameworks.

Until now, our company has independently operated businesses within the same power transmission field, such as the Chain segment, which transmits and conveys power, and the Motion Control segment, which controls power.
Going forward, we will integrate these businesses under the Power Transmission Division, and evolve into a higher value-added business by leveraging the comprehensive strengths of the Group.

Specifically, by combining functions such as power transmission, control, and conveying, and strengthening our ability to address customer challenges through integrated proposals, we will provide higher value-added products and services.
In addition to improving equipment performance and efficiency and achieving stable operations, we will contribute to reducing customer costs through optimized solutions that combine multiple products.

From a profitability perspective, we will evolve toward a business model that steadily accumulates earnings through the expansion of after-sales services and the continuous adoption and replacement of products.

Furthermore, we will steadily capture renewal and replacement demand for existing equipment, leading to the continuous expansion of orders.



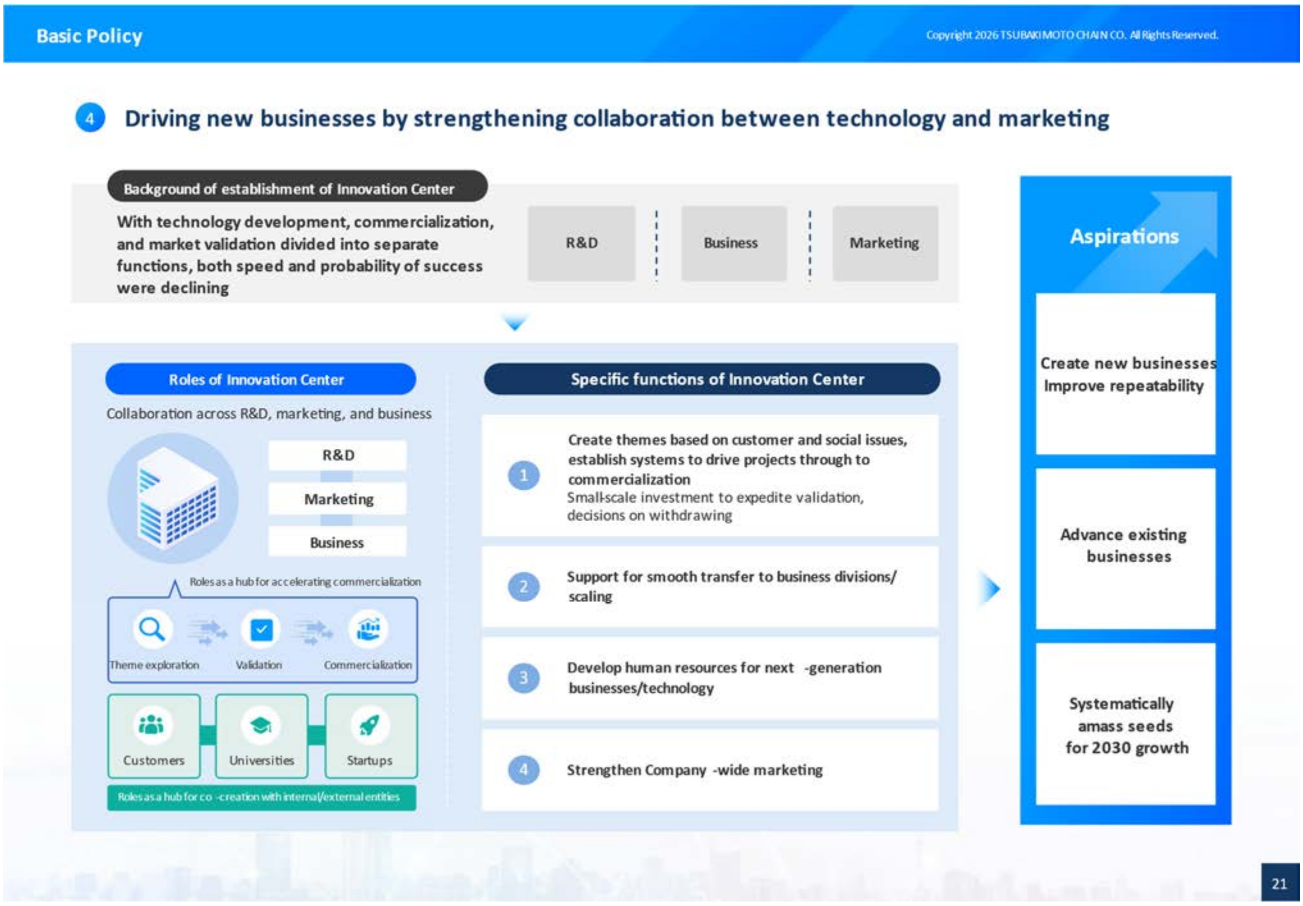
Next, I will explain the transformation of our company's Materials Handling Division, the core division within the Materials Handling Segment, into the System Solutions Division.

Up until now, the Materials Handling Division has grown through a project-based business model centered on customized solutions, leveraging its strong technical expertise and on-site capabilities.
However, this structure has also resulted in significant fluctuations in profitability from one project to another.

Under the Mid-Term Plan 2030, we will transform the business from one that generates profits on a project-by-project basis into a solution-oriented business that delivers recurring earnings through the integration of products, digital technologies, and after-sales service.

In the past, profits were generated primarily at the time of equipment delivery.
Going forward, in addition to earnings from core product sales, we will create ongoing value through DX-driven operational optimization, as well as maintenance and renewal services.
This will enable us to generate profits throughout the entire product lifecycle, establishing a business model in which earnings are continuously accumulated rather realized only once.

The transformation of the Materials Handling Division into the System Solutions Division represents an evolution from a business that simply delivers conveying equipment to one that provides both systems that neither stop nor are stopped and logistics solutions.
By ensuring stable operations and minimizing downtime throughout our customers' facilities, we will enhance customer value, improve profitability, and establish this business as a key growth driver for the future.



Regarding the fourth basic policy, strengthening technology and marketing, I would like to explain the role of the Innovation Center, which serves as the core platform for this initiative.

In the past, functions such as research and development, marketing, and commercialization were managed separately across different departments, creating challenges in bringing new ideas to market quickly.
To address this, the Innovation Center will integrate these functions and establish a seamless process that promotes innovation from theme exploration through to commercialization.

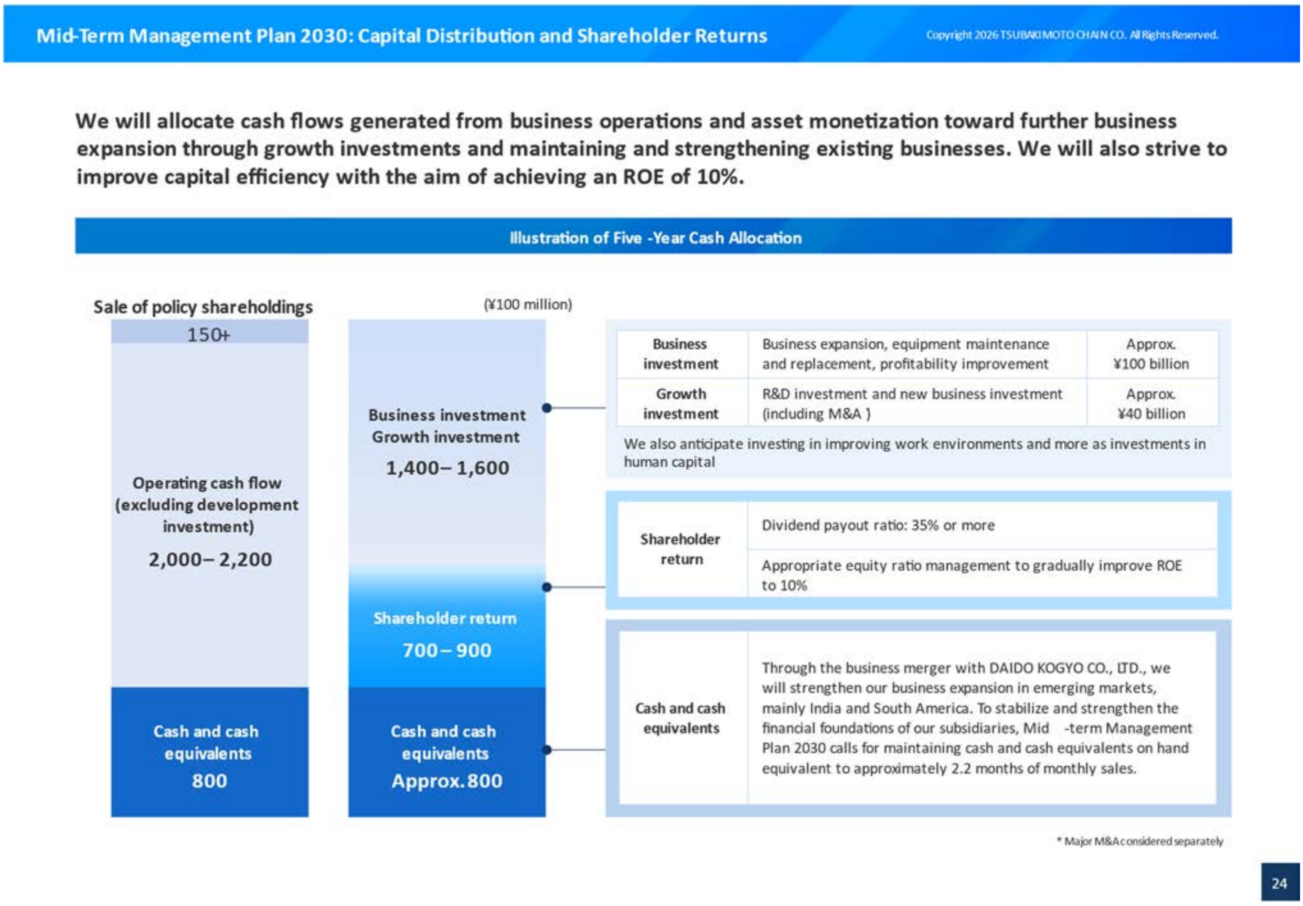
Specifically, we will identify themes based on customer needs and societal challenges, conduct early-stage validation through small-scale investments, and rapidly assess their commercial potential.
For promising themes, we will ensure a smooth transition to the business divisions and support their scale-up, thereby improving both the speed of business creation and the likelihood of success.
In addition, these efforts will contribute to the development of next-generation business and technical talent, while strengthening the marketing function across the entire Company.

Finally, I will explain the fifth basic policy: strengthening our global group headquarters functions and further advancing ESG management.

As our businesses and group companies continue to expand globally, we will strengthen the role of headquarters in providing cross-functional oversight and evolve toward a management structure that integrates initiatives across regions and business divisions.
On this foundation, we will take an integrated approach to managing the six capitals—financial capital, human capital, manufactured capital, intellectual capital, social and relationship capital, and natural capital.

By strengthening the circulation of these capitals across the Group, we will maximize long-term economic value.

Specifically, through the optimization of resource allocation across the Group and improvements in investment efficiency, we will achieve sustainable growth and stronger profitability.
In addition, we will further strengthen investments in human and intellectual capital, as well as our initiatives for society and the environment, positioning them not merely as corporate responsibilities, but as key drivers of long-term business growth.

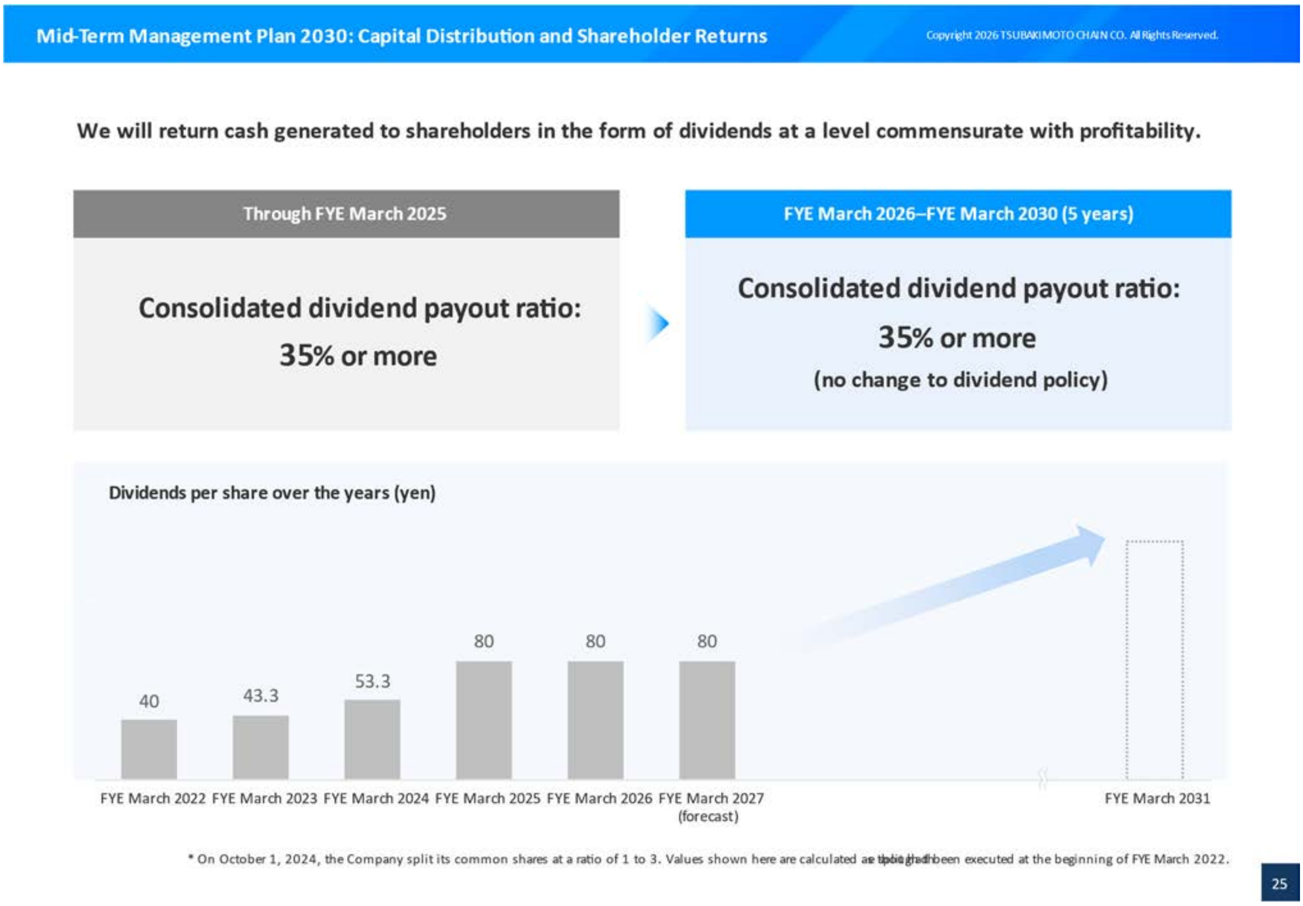


Next, I will explain our approach to capital allocation and shareholder returns.

Based on the basic policies I have outlined so far, I will explain how we intend to allocate the cash generated by our businesses in order to achieve both growth investments and enhanced shareholder returns.

Under this plan, we will allocate the cash generated from our operations in a balanced manner between growth investments and shareholder returns.

First, with regard to growth investments, in addition to maintaining and strengthening our existing businesses, we will prioritize investments in new business opportunities, including research and development and M&A. We will also increase investments in improving the workplace environment to help secure the workforce needed for future growth, thereby strengthening the foundation for our medium- to long-term growth.



On the other hand, regarding shareholder returns, we will basically maintain dividends with a consolidated dividend payout ratio of 35% or more and continue returns conscious of capital efficiency.

At the same time, with respect to shareholder returns, we will maintain a basic policy of providing dividends with a consolidated payout ratio of 35% or higher, while continuing to pursue shareholder returns with a strong focus on capital efficiency.

In addition, with respect to cash and deposits levels, we will maintain an appropriate level of liquidity across the Group, taking into account the increased funding requirements associated with accelerating business expansion particularly in India and Central and South America.

In this way, by maintaining a balance between growth investments and shareholder returns, we will enhance capital efficiency and work to maximize corporate value.

Consolidated target values

Net sales	Operating income	Operating income ratio	ROE
¥450.0 billion or more	¥45.0 billion or more	10%	10%

Segment target values

	Net sales (¥100 million)	Operating income (¥100 million)	Operating income ratio
Power Transmission Business	1,600	230	14.4%
Mobility Business	1,700	200	11.8%
Materials Handling Business	960	50	5.2%
Other	300	7	2.3%
Eliminations/Company-wide expenses	-60	-37	-
Total	4,500	450	10%

Next, I will explain the financial targets of our Mid-Term Plan 2030.

First, as shown in the upper section above, on a consolidated basis, we are targeting net sales of JPY450 billion or more, operating income of JPY45 billion or more, an operating income margin of 10%, and an ROE of 10%.

With regard to ROE, in addition to improving business profitability, we will also advance financial management with a strong focus on capital efficiency. We aim to achieve an ROE of 10%, consistently exceeding our estimated cost of equity of 8%–9%.

Now, I will explain growth strategies by business segment.

First, the Power Transmission segment.

For this segment, we have established performance targets of net sales of JPY160 billion, operating income of JPY23 billion, and an operating income margin of 14.4%.

Looking ahead to 2030, as a business that creates the future of power transmission, our goal is to become the driving force behind movement, supporting industries and social infrastructure around the world while making a sustainable contribution to both customer value creation and the resolution of social challenges.

To realize this vision, we have established two key policies: maintaining and expanding our market share in major markets, and strengthening our earnings base through the provision of total solutions and expansion of our after-sales business.

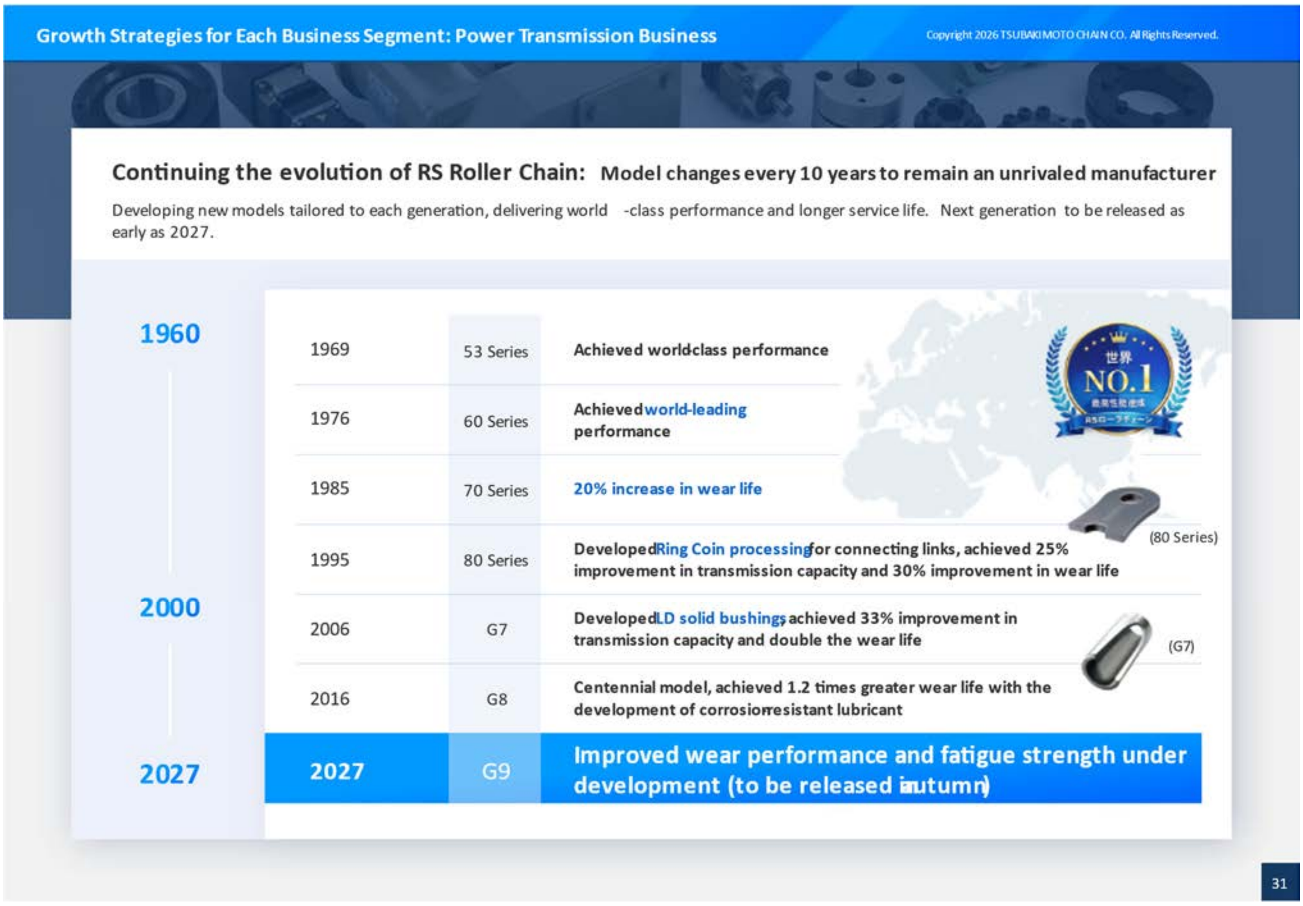
With regard to our specific growth strategies, we will further advance our 'glocal strategy' by optimizing product strategies and supply systems to reflect the characteristics of each regional market, while integrating development, production, and sales activities.

As a concrete example, in the Americas, we will continue to expand our market share in ATRA-FLEX couplings while capturing renewal and replacement demand for existing equipment.

In large-scale industries such as mining and oil and gas, products are evaluated not only on price but also on factors such as operational reliability, maintenance costs, and the ability to minimize downtime.
Our ATRA-FLEX couplings offer high reliability, ease of replacement, and maintainability, enabling stable operation and making them well suited for these applications.
As a result, we believe there remains significant potential for further market expansion.

In India, market growth continues to be supported by infrastructure investment and expanding demand from resource-related industries.
To capture this demand, we will strengthen our cost competitiveness and supply capabilities through local manufacturing, thereby driving further sales growth.

In Europe, we have already secured a manufacturing base and established a local production system for large size conveyor chains, which were previously supplied primarily through imports.
Going forward, we will also advance the localization of production for small size conveyor chains, enhancing our engineering capabilities, delivery responsiveness, and cost competitiveness. By strengthening competitiveness across our entire product lineup, we will further expand our market share in the region.



Next, I will explain our initiatives to strengthen product competitiveness.

Among our chain products, RS roller chain, one of our flagship products, has achieved world-class performance and reliability through continuous product renewals approximately every 10 years.
In particular, we have steadily enhanced core performance such as wear life and fatigue with each generation, earning a strong reputation in industrial fields where high durability and stable operation are required.
The next-generation RS roller chain is scheduled for launch in fall 2027.

By responding to evolving market needs and changes in the operating environment, including the growing demand for higher productivity and greater added value, we will continue to incorporate advances in materials, design and processing technologies into our products.
Through these efforts, we will further strengthen our competitiveness and reinforce our position as a leading manufacturer in the global market.

Next, I will explain the growth strategy for the Mobility segment.

First, with respect to our performance targets, we aim to achieve net sales of JPY170 billion, operating income of JPY20 billion, and an operating income margin of 11.8%.

This business aims to create new products that contribute to the development of next-generation mobility society through innovative manufacturing, while striving to realize of a society that is friendly to both people and the planet.

To achieve this vision, we will pursue sustainable growth by enhancing profitability, expanding market share, and transforming our business model.

Specifically, in our existing businesses, we will drive further market share expansion while enhancing profitability through the optimization of our global production footprint and the execution of cost reduction initiatives.

In addition, by making Daido Kogyo a wholly owned subsidiary and incorporating its 2-wheel business into our portfolio, we will accelerate growth by capturing expanding global demand, while strengthening our business foundation and expanding the scale of operations.

Furthermore, as the mobility industry continues to evolve through electrification, we will accelerate the establishment of new growth drivers, including the clutch business, and build a robust foundation that supports sustainable medium- to long-term growth.

In our existing businesses, as production volumes for both four-wheel and two-wheel vehicles are expected to be maintained and continue growing, we will strengthen our manufacturing capabilities to ensure we fully capture the expanding demand.

Specifically, we will enhance productivity through automation and labor-saving initiatives, while pursuing cost reductions and optimizing our global production footprint under the principle of manufacturing at the most appropriate locations worldwide.
Through these efforts, we will establish a stable and competitive global supply structure.

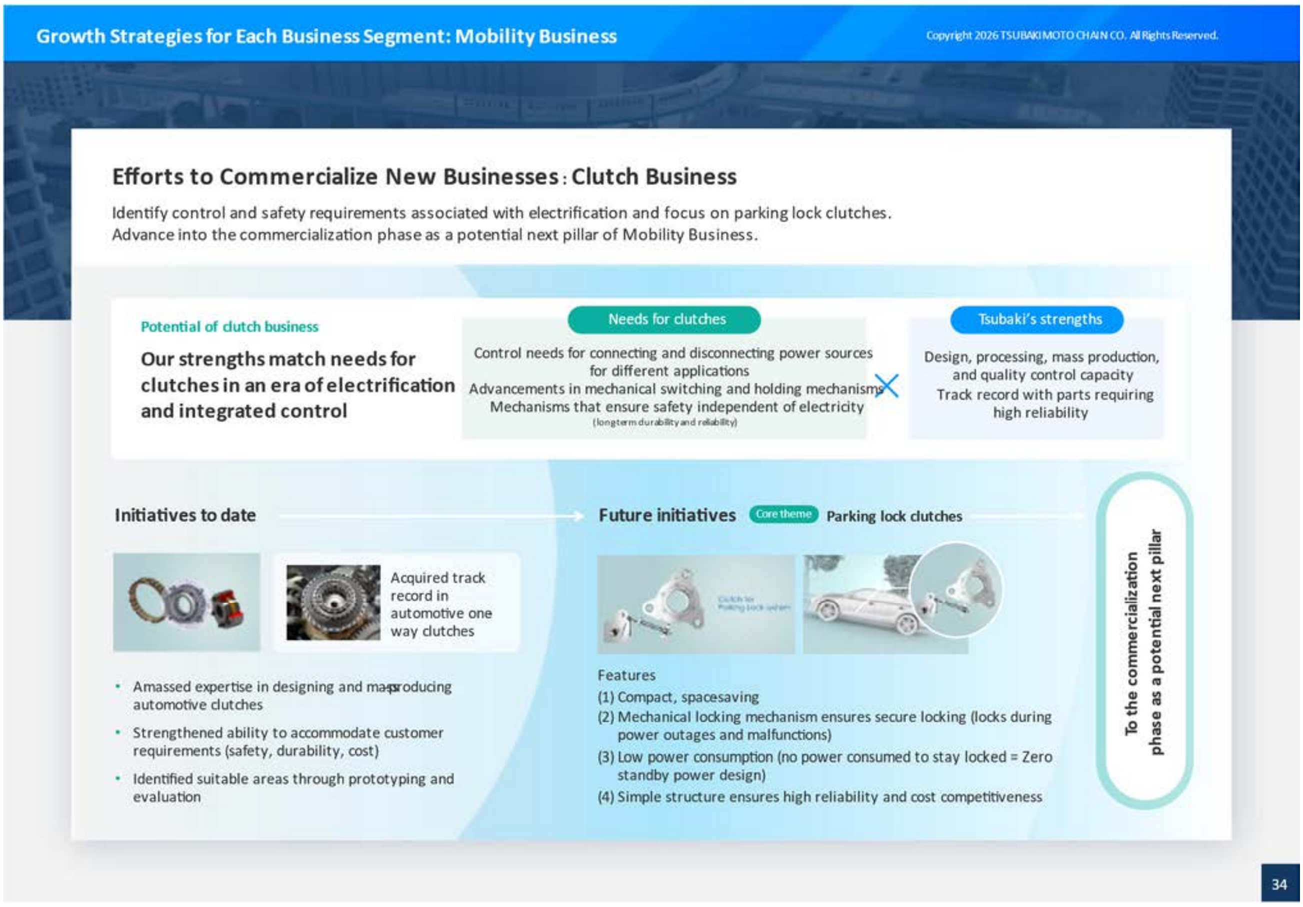
In addition, from the perspectives of safety, talent development, and evolving work styles, we will advance the creation of sustainable production sites that are less dependent on individual labor and capable of supporting long-term growth.

With respect to synergies with Daido Kogyo, we will maximize the strengths of both companies by leveraging our respective manufacturing and sales bases.
In particular, we will promote operational optimization and functional enhancement across key regions, focusing on Europe, China, and India, generating synergies in both production and sales.

In each region, we will optimize our production footprint and strengthen key business functions.
While in Europe, we will capitalize on the combined sales platforms of both companies to accelerate the growth of our two-wheel business.

In India, we will also leverage Daido Kogyo's facilities to strengthen our local production and supply capabilities, while using this foundation as a stepping stone for expansion into other emerging markets.

In China, we will also continue to optimize and reorganize our production footprint, improving manufacturing and supply efficiency while further enhancing profitability.



Next, I will explain the clutch business, which we are positioning as a new growth driver.

As electrification advances and demands for greater control, precision, and operational stability continue to increase, we have leveraged the design, processing, mass-production, and quality assurance capabilities cultivated through our timing chain business to advance the development and commercialization of new products.

As part of these efforts, we have been developing clutches for a wide range of applications as a potential new pillar of our business.
Through ongoing collaboration with customers, including repeated product evaluations and design improvements to meet increasingly sophisticated requirements, we have steadily expanded application opportunities while accumulating technical expertise and know-how in clutch technology.

As a result, our one-way clutches have begun to gain traction with customers, and commercialization efforts are progressing steadily.

Going forward, we will promote adoption for parking lock applications by leveraging the product's key advantages, including its compact and space-saving design, reliable mechanical locking mechanism, and low power consumption.

Next, I will explain the growth strategy for the Materials Handling segment.

First, with respect to performance targets, we aim to achieve net sales of JPY96 billion, operating income of JPY5 billion, and an operating income margin of 5.2%.

Under this plan, we will transform the business model of our operations in Japan, which serves as the core of the Materials Handling segment.
By creating manufacturing sites that neither stop nor are stopped, we will realize stable production and contribute to addressing social challenges such as labor shortage and logistics disruptions.

To achieve this vision, we will pursue sustainable growth through enhancing profitability, expanding business domains, and accelerating global expansion.

To improve profitability, we will advance the development and standardization of modular products, reducing dependence on customized solutions while improving operational efficiency and strengthening earnings capability.

In expanding business domains, we will leverage the comprehensive strengths of the TSUBAKI Group to further develop professional service solutions as an independent business and strengthen after-sales service capabilities, including support for third-party products.
Through these initiatives, we will diversify our revenue base and enhance the stability of earnings.

In addition, we will accelerate overseas expansion by growing our environmental and infrastructure-related businesses in Europe, America, and the Indian Ocean Rim, thereby further strengthening our global presence and driving sustainable growth.

This slide shows how we will achieve the business model transformation and business foundation reconstruction I mentioned earlier.

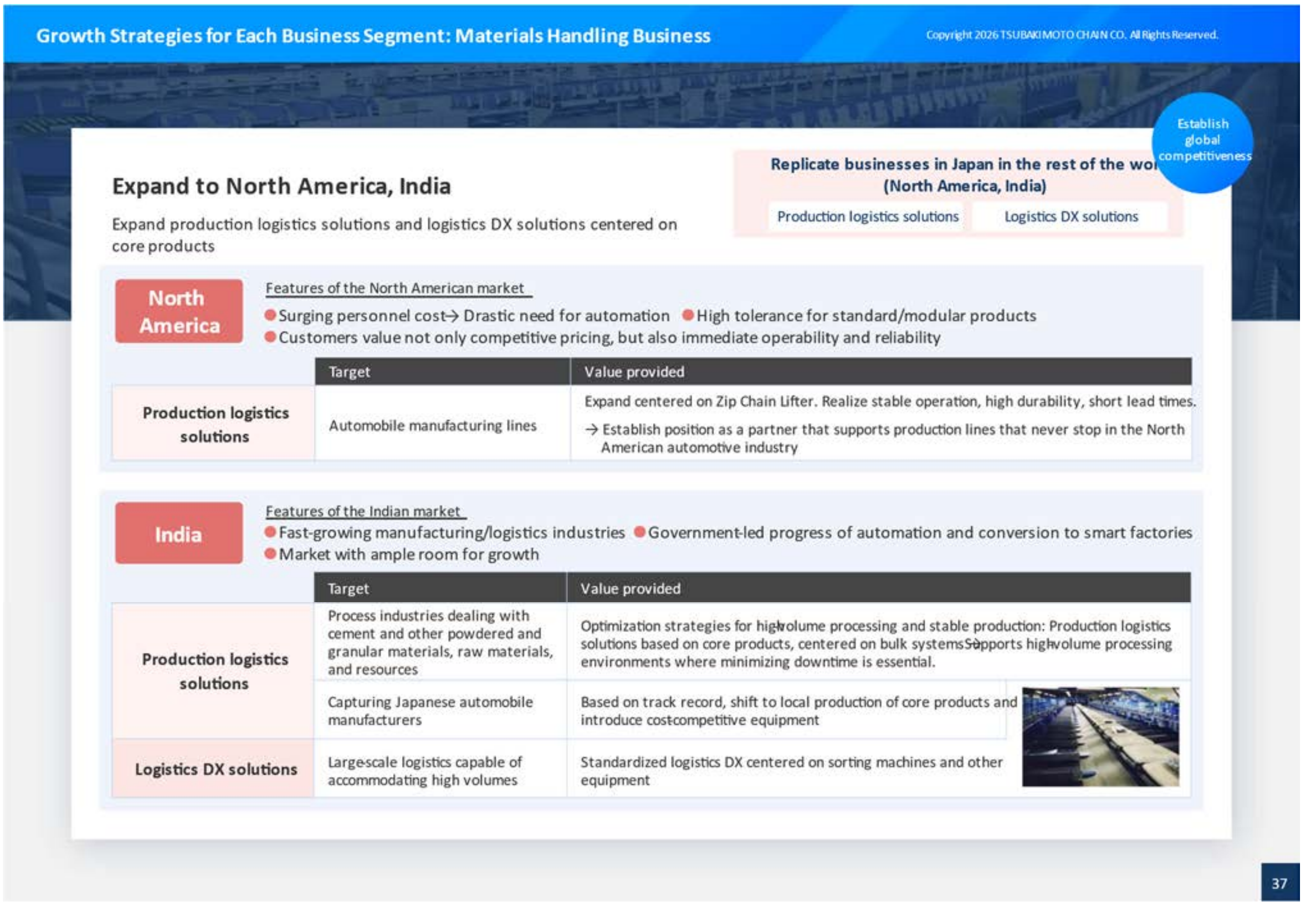
In the Mid-Term Plan 2030, we position the creation of core products as the starting point for growth. By combining the technologies and expertise of our Innovation Center and group companies, as well as external collaborations and technical alliances, we will develop highly competitive core products as a group.

In addition, rather than limiting these core products to standalone sales, we will advance standardization and modularization, enabling them to be deployed across a wide range of applications and customer needs.

Furthermore, by incorporating DX capabilities such as operational data acquisition, optimal control, and predictive maintenance, we will enhance our value proposition not only through product functionality but also in terms of operation. This will enable us to shift from a one-time equipment supplier to a provider of ongoing value throughout the product lifecycle.

By combining these modularized core products with DX capabilities, we will divide our organizational structure into areas such as logistics DX solutions, production logistics solutions, and professional service solutions, making the development of solutions tailored to customer needs the core of our business model. In addition to selling modularized core products, we will aim to build continuous revenue throughout the entire lifecycle by providing DX-driven functional enhancements and after-sales support as a complete service.

Rather than relying on one-off, project-based solutions as in the past, we will pursue both growth and profitability through the deployment of repeatable solutions.
Through these efforts, we aim to realize ‘manufacturing sites that neither stop nor are stopped,’ thereby contributing to both stable operations and improved productivity for our customers.



We consider market expansion and the establishment of global competitiveness to be important themes.

Until now, our overseas business, like our business in Japan, has primarily focused on project-based engineering support, so we have not been able to adequately develop local talent, understand customer challenges, or build a sustainable business that includes after-sales service.

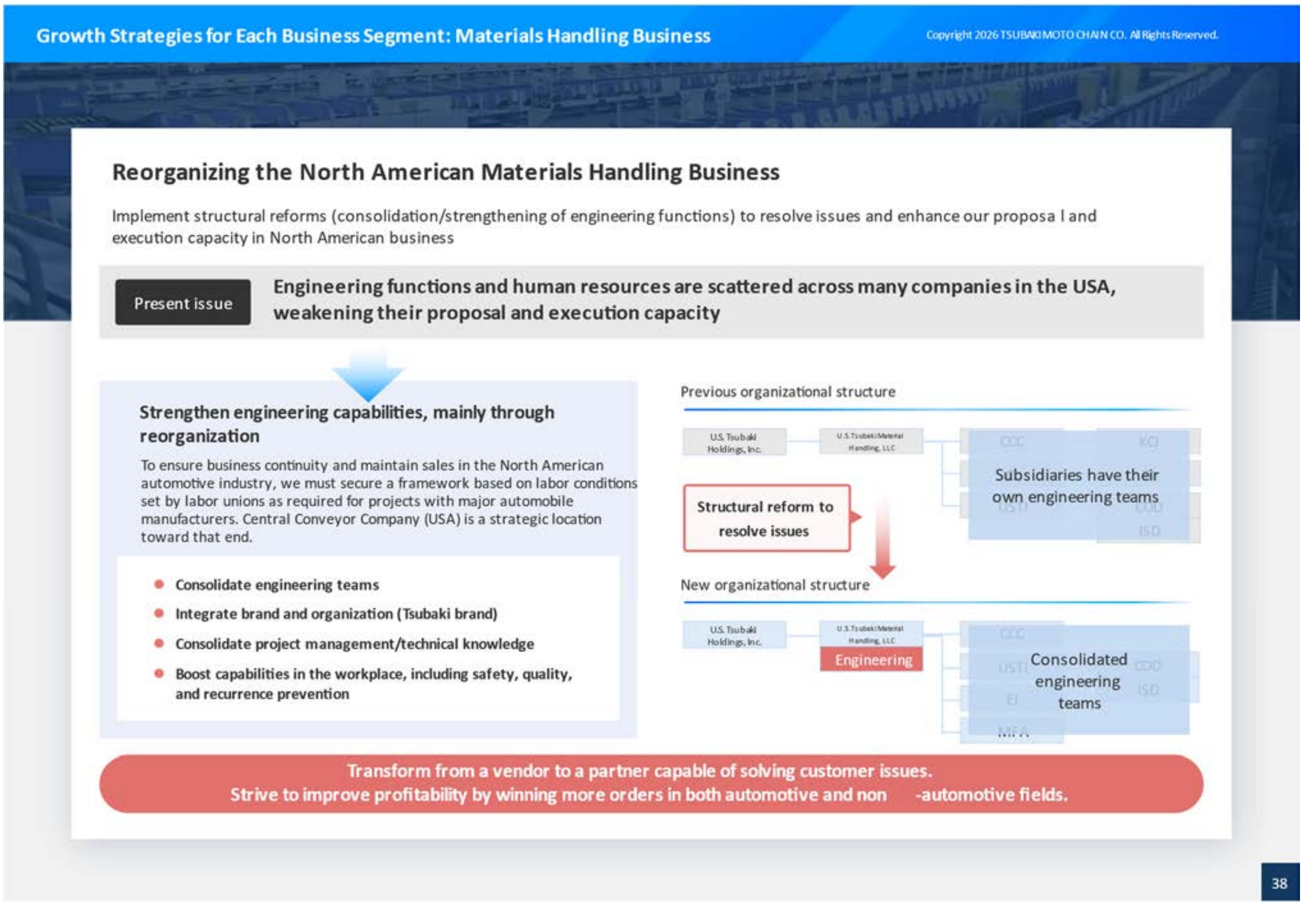
Going forward, we will expand the production logistics solutions and logistics DX solutions developed by our System Solutions Division in Japan, primarily in North America and India.

We will develop core equipment such as sorting and storage as modular products and transform this into a locally produced and consumed business model, producing and deploying these modules in each region.

In North America, taking market characteristics into account, we are developing production logistics solutions centered on zip chain lifters for automotive manufacturing lines.

In India, we will expand our presence by leveraging our strengths in modularized high-speed, high-capacity automated sorting and storage systems.

By rolling out the modularized business model established in Japan across other regions, we will transform the business into a globally scalable platform that delivers both profitability and repeatability.



Now I would like to explain the reorganization of our North Americas material handling business.

While we have been working to revitalize our North American material handling business, improving profitability is taking some time.

Under these circumstances, in the fiscal year ended March 2026, we fully impaired intangible assets, including trademark rights, related to our North American material handling business.
Going forward, we will further strengthen our solution proposal capabilities and project execution capabilities by consolidating engineering functions and personnel, and build a system that allows us to provide value to our customers as a unified entity, working towards renewed growth.

In particular, in the North American market, especially in the automotive industry, local capabilities, including on-site engineering support, construction management, safety compliance, and collaboration with local partners, are crucial for securing orders.
Therefore, we recognize that having a local business base and building a system that allows us to provide unified customer support is essential for continued business development.

Furthermore, by consolidating engineering functions, we will leverage the technologies and know-how across the TSUBAKI Group to improve design quality and project execution capabilities, as well as improve product development efficiency and optimize resources.

Through these initiatives, we will leverage the group’s comprehensive strengths to improve the profitability of our North American material handling business and develop it into a business that can continuously generate results.

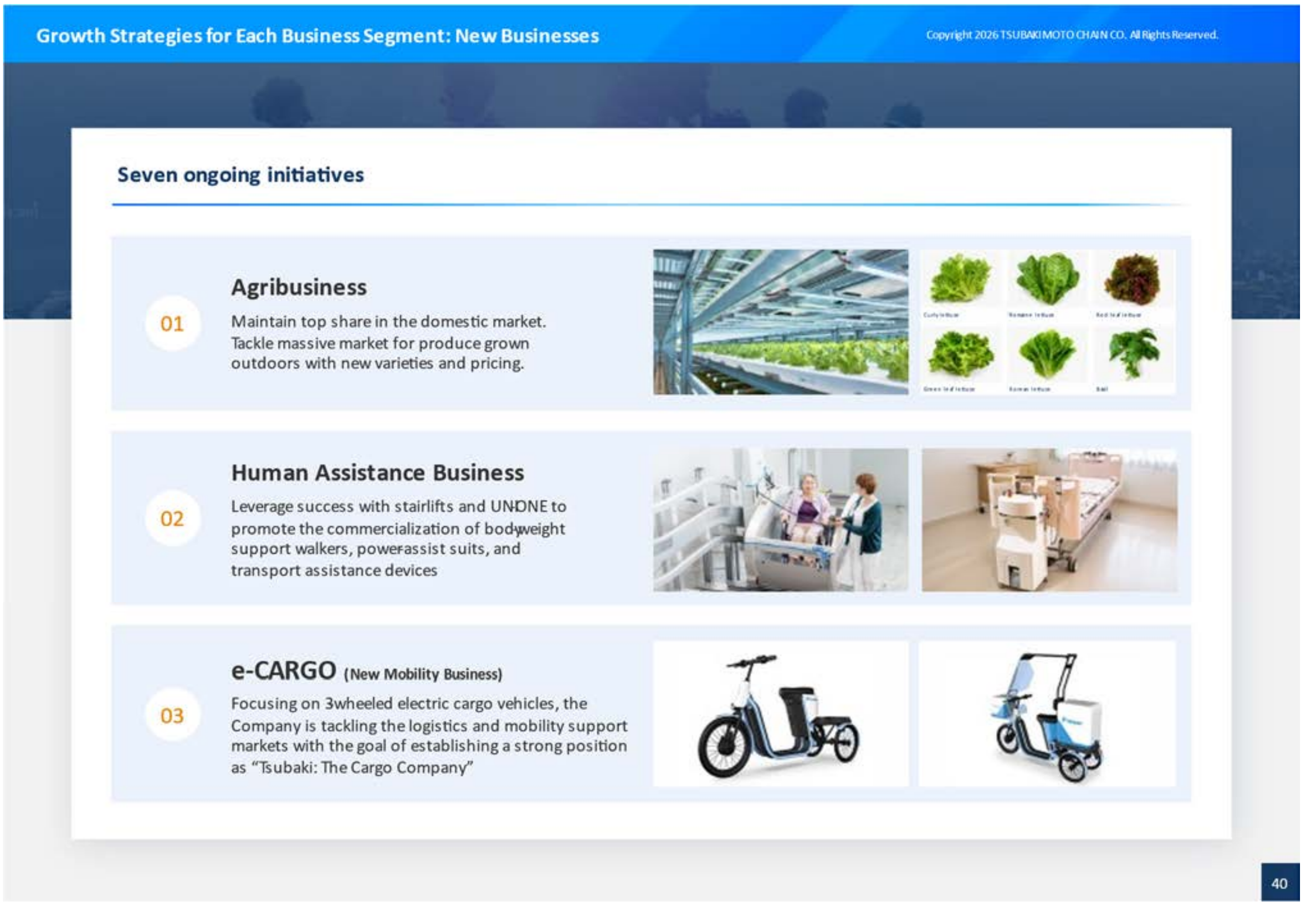
Next, I will explain our new business development strategy.

Up until now, we have focused on the seed-planting phase, primarily involving the 'exploration, verification, and evaluation' of new themes.

In our Mid-Term Plan 2030, we will transition to a phase of actually deploying new businesses and generating results, establishing them as new pillars of our businesses.

To achieve this, we will introduce a stage-gate approach, making decisions based on clear criteria at each stage of commercialization.

Specifically, from the perspectives of technology, market potential, profitability, and social contribution, we will clearly define the success criteria and exit criteria for each theme and carefully assess their viability for commercialization.



Now, let me explain our specific initiatives in new businesses.

We are currently working on commercializing several new themes.

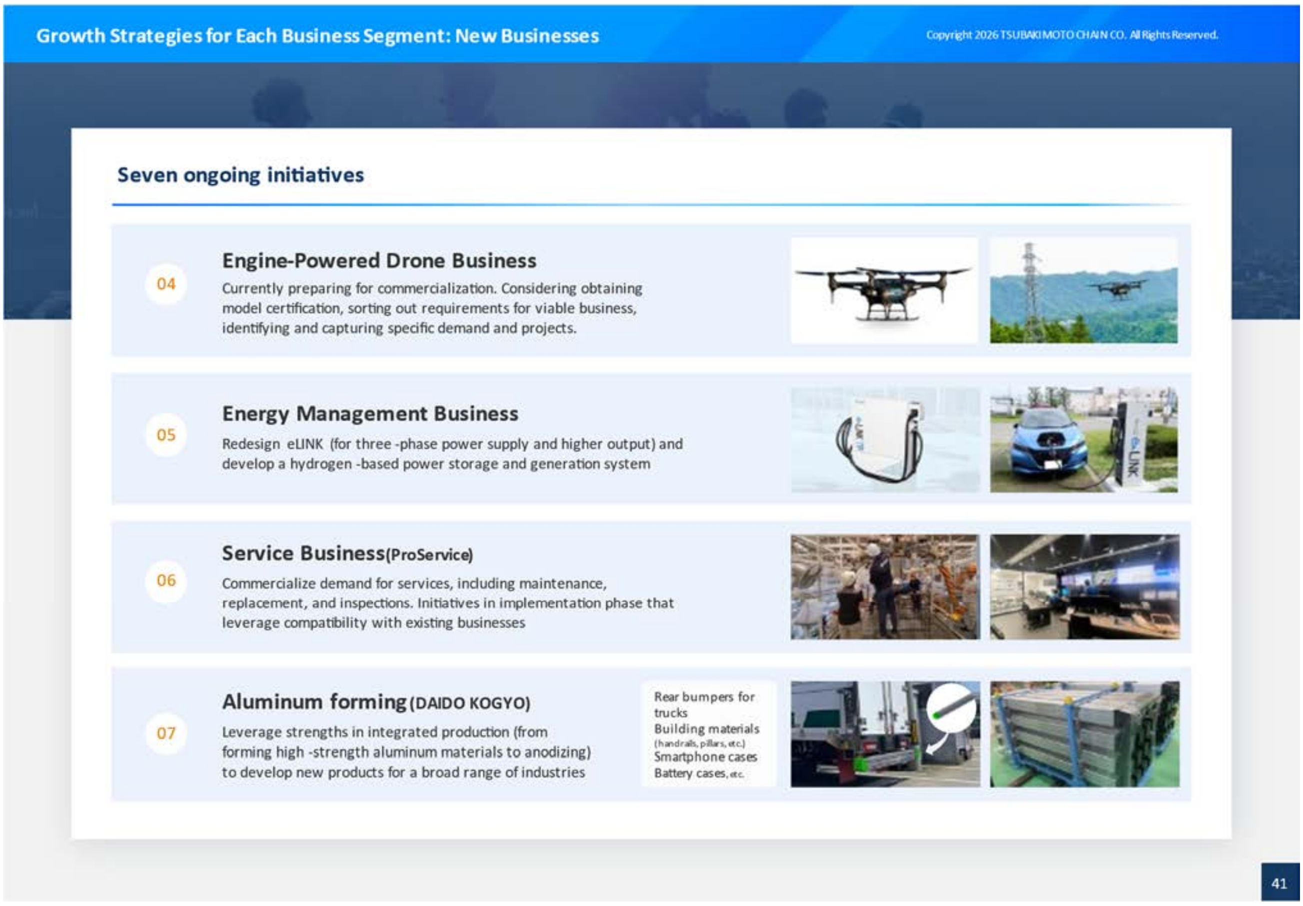
First, in Agri-Business, we have already secured the number one domestic share in the sale of lettuce produced in plant factories.
In addition, our Fukui-Mihama Plant was completed last year, and we have been working to strengthen our production system and research and development capabilities.

Furthermore, our subsidiary, Tsubaki VegyMove Co., has achieved profitability, and we are seeing progress in establishing profitability for the entire business unit.

Going forward, by expanding into new varieties and price segments, we will target large-scale markets, including open-field cultivation crops that we have not previously been able to fully address, thereby driving further growth.

Furthermore, in the Human Assist business, we are working to establish specific methods and means of implementation for commercialization in areas such as walking support devices and transport assistance devices.

For the e-CARGO and new mobility businesses, we are considering market expansion, focusing on the use of three-wheeled electric cargo vehicles in the logistics and mobility support sectors.



Regarding our engine drone business, we are preparing to obtain type certification and are actively working to identify specific demand and secure orders.

For the energy management business, we are working on increasing the output and enhancing the functionality of our products, as well as developing hydrogen-based energy storage and power generation systems.

In the Pro-Service business, we are commercializing service-related needs such as maintenance, replacement, and inspection, and will move forward with implementation while leveraging synergies with our existing businesses.

In addition, we will capitalize on the aluminum processing technologies developed through Daido Kogyo's aluminum rim business and our integrated production capabilities, including anodizing, to broaden our presence across diverse sectors, including automotive components and construction materials.

Non-Financial Targets of Mid -Term Management Plan 2030

	Material issue/KPI		Target
E Environment	Climate change	Strengthen efforts for carbon neutrality • Consider support for introducing renewable energy/ decarbonizing heat treatment furnaces	CO_2 emissions reduction of 42% compared with FY2021 levels (global)
		Help major suppliers calculate/take action to reduce CO_2 emissions (Scope 3)	Raise number of suppliers calculating CO_2 emissions, number of cooperating suppliers
	Circular economy	Waste recycling rate PRTR substance emissions Number of serious violations of environmental laws and regulations	99% or more (Japan) 130.9 t or more (Japan) 0 (global)
S Society	Respect for human rights/ promotion of diversity	Number of companies implementing human rights due diligence Percentage of senior roles held by women Number of companies achieving the legally mandated employment rate of people with disabilities	31 companies 10% (Japan) 100% (Japan)
	Strengthen human capital management	Improve employee engagement (revision of personnel & compensation systems/human resource development/expansion of training/enhanced support for balancing work with family care and medical treatment)	Awareness surveys, improve job satisfaction
	Health and safety	Number of accidents requiring absences from work	0 (Japan, each year)
	Quality assurance	Number of major quality problems	0 (global, each year)
	Promote supply chain management	Sustainable procurement	Help key suppliers improve
G Governance	Compliance/ crisis management/ information security	Number of serious violations of company rules	0 (global, each year)
		Number of information security incidents	0 (global, each year)
		Number of warnings received due to violations of other companies' rights	0 (global, each year)

Finally, I will explain our non-financial targets regarding ESG.

Our company has been promoting initiatives in the areas of environment, society, and governance in an integrated manner with our business activities.

In terms of the environment, we are strengthening our efforts toward decarbonization, including reducing CO_2 emissions, and are steadily making progress in emission reduction globally.

In terms of society, in addition to ensuring diversity among our workforce and improving engagement, we are also working to strengthen our business foundations, such as safety and quality.

Furthermore, in terms of governance, we will support the stable operation of our business through thorough compliance and information security.

Through these initiatives, we will contribute to the realization of a sustainable society while enhancing our corporate value over the medium to long term.

This concludes my explanation. Thank you very much for your attention.

Question & Answer

Sasao [Q]: I am Sasao from SMBC Nikko Securities. Thank you for your time. I would like to ask a question.

First, regarding the performance forecast. Regarding the performance for the fiscal year ending March 2026, I understand that you have merged with Daido Kogyo. Coud you please give us an idea of the impact of this, and if possible, provide some figures, and explain the impact on each segment?

Kawakami [A]: Thank you for your question. You're asking about the impact of Daido Kogyo on this year's full-year performance, correct?

In total, we are projecting an impact of approximately JPY 60 billion on sales, and approximately JPY 3.2 billion on operating income.

Sasao [Q]: Thank you. Could you explain the impact on each segment?

Kawakami [A]: Looking at the impact segment by segment across our three business divisions, we expect approximately JPY 11.4 billion for Power Transmission, JPY 38.7 billion for Mobility, and JPY 3.8 billion for Materials Handling, bringing the total to the slightly over JPY60 billion I mentioned earlier.

Sasao [Q]: Understood. What about profit?

Kawakami [A]: For Power Transmission, the outlook is approximately JPY 37 million. Mobility has the largest impact, with approximately JPY 3 billion. For Materials Handling, unfortunately, we are currently forecasting a loss of approximately JPY 100 million.

Sasao [Q]: Thank you. Also, thank you for the explanation about the synergies with Daido Kogyo.

Based on the numbers you just mentioned, I have the impression that the profitability contribution will be slightly higher than what I originally expected. Is this because you've factored in the various consolidations and integrations mentioned in your strategy, which will produce results from the fiscal year ending March 2027?

Kawakami [A]: Yes, that is correct.

Sasao [Q]: How about the potential for further profit growth in each segment? For example, over the current mid-term plan period.

Kawakami [A]: We are currently still adjusting and reviewing the integration plan, and we haven't yet determined the final figures for the five-year timeframe.

Sasao [Q]: Understood. Thank you.

I have one more question regarding the competitive environment, including the mid-term plan. In particular, regarding your Mobility and Power Transmission segments. In the Mobility segment, with expectations for EVs slightly lower than in the previous mid-term plan, the strength of your company's engine-related business, which is your strength seems to be standing out. Given this, have there been any changes in the competitive environment or your company's strategy?

Also, in the Power Transmission segment, particularly in the chain sector, in addition to the already strong developed countries, India and other regions are expected to become focus areas. I would appreciate it if you could delve a little deeper into the competitive environment in those areas, your company's current position, and your plans for this mid-term plan.

Nakakubo [A]: As you mentioned, this shift to EVs has slowed down, and we anticipate that the reassessment of ICE will continue for the foreseeable future.

First, with regard to the competitive environment, while our traditional competitors remain in the market, the increasing presence of Chinese competitors is driving significant changes in the Chinese market. We believe that the timing business still has considerable growth potential going forward. In particular, we view actively targeting the Chinese market as one of our highest priorities, including opportunities related to exports from China to countries in the Global South.

On the other hand, in Global South, we plan to further expand our operations, particularly in India and Brazil, by utilizing our production bases with Daido Kogyo.

Maeda [A]: I, Maeda, will answer.

First, turning to India, one of our key markets, while we face strong local competition, we recognize that we cannot remain competitive in the large-size conveyor chain segment by relying solely on exports from Japan. Accordingly, we have already begun localizing our operations and have advanced to a stage where commercialization is expected in the near future.

By establishing a local presence, we aim not only to secure new business opportunities but also capture replacement demand within the market. This initiative is an example of our Glocal x Matrix strategy in action.

In addition, Daido Kogyo already operates a manufacturing facility in India. While the facility currently supports the two-wheeler business, we are evaluating the possibility of localizing production of power transmission-related chains there as well. Looking ahead, we will continue to refine and strengthen our strategy to enhance our competitiveness across the Global South and support our long-term growth objectives through 2030.

Sasao [Q]: Thank you.

I think you just explained the power transmission segment in India, but how about in developed markets, particularly North America? I understand that there were some disruptions to competitor production following the COVID-19 pandemic, and I imagine this must have been an extremely busy period for your company. Have there been any changes in market share or the competitive landscape in North America as a result?

Maeda [A]: Regarding the chain business in North America, the overall situation remains largely unchanged. That said, tariffs continue to be an important factor affecting the business environment. While we have been able to pass through cost increases and implement price adjustments for certain products, this has proven more challenging for others. I think I mentioned this last time as well, but sprocket-related products have been facing some difficulties in this regard. Going forward, we will continue to closely monitor developments in tariff policies and carefully assess the most appropriate course of action for the business.

Sasao [Q]: Would it be fair to say that it has become increasingly difficult to differentiate yourselves from competitors in this segment?

Maeda [A]: Yes, that's correct. Products that are manufactured locally remain competitive, whereas imported products are facing greater challenges.

Sasao [Q]: Understood. Thank you very much.

Finally, one question regarding your future capital policy. I believe the materials also included an illustration of cash allocation under the new mid-term plan. During the previous mid-term plan, you made progress in areas such as the reduction of policy-held shares. Under the new mid-term plan, what initiatives do you intend to pursue in this area going forward? If there is any additional context or supplementary information you can provide beyond what has already been disclosed, it would be greatly appreciated.

Kawakami [A]: As mentioned earlier, we presented our capital allocation framework through 2030, including our approach to shareholder returns. As outlined in that framework, we intend to continue reducing our policy-held shareholdings in accordance with our plan. In addition, we remain committed to ongoing shareholder return initiatives. With respect to share repurchases, as was the case last fiscal year, we are considering share buybacks of up to JPY 10 billion during the current fiscal year. Regarding dividends, we currently plan to maintain shareholder returns at a level broadly consistent with last year, including dividends of a similar scale. Going forward, we will continue to pursue an appropriate balance between growth investments, capital efficiency, and returns to shareholders.

Sasao [Q]: Thank you.

One more point, if I may. I have a supplemental question related to the capital allocation framework. It appears that your capital expenditure plan for this fiscal year has increased significantly compared with previous years. Could you elaborate on the specific areas where these investments will be allocated and the primary objectives behind them?

Kawakami [A]: There are several primary areas of investment. First, we will continue to invest in the maintenance and enhancement of our existing businesses, including ongoing capital expenditures to support and strengthen our core operations. Second, we expect increased investment in research and development, particularly in connection with the creation and expansion of new businesses. In addition, the plan includes investments aimed at improving the workplace environment and enhancing operational efficiency. Finally, this fiscal year's capital expenditure budget also includes a portion of the investments related to optimizing our production footprint, both domestically and internationally, following the integration of Daido Kogyo. Through these initiatives, we aim to strengthen the competitiveness of our existing businesses while laying the foundation for future growth.

Sasao [Q]: Understood. Thank you.

Participant [Q]: I understand that one of the key themes of this mid-term plan is the shift from project-specific solutions toward standardized solutions that combine your chain, motion control, and after-sales service businesses, supported by the core product strategy and enhanced cross-selling initiatives. Against that backdrop, could you elaborate on which applications or use cases are currently generating the strongest customer response? In addition, where do you see the greatest potential to horizontally deploy and replicate these solutions across different domains? Finally, from a medium- to long-term perspective, how large do you believe this business opportunity could become, and what scale of revenue or business foundation do you envision it ultimately supporting?

Okamoto [A]: Thank you for your question. I'm Okamoto from Materials Handling Operations.

Broadly speaking, there are three business models. The first is the business centered on Nexa Ware, which we call logistics DX. The second is the solutions business in the area of production logistics, which we have been engaged in for many years. The third is Pro-Service, our after-sales service business. We are intentionally positioning these three businesses separately and providing solutions that deliver distinct value to our customers through each of them. We believe this approach is one of the key highlights of our strategy this time.

In logistics DX, our core strength has traditionally been our hardware offerings, particularly the Linisort system. Going forward, however, we will not simply provide the equipment itself. By incorporating DX capabilities, we will analyze sorting data, provide customers with insights based on that analysis, and support a wide range of logistics improvement initiatives. These efforts will, in turn, create opportunities to connect with our after-sales service business and lead to subsequent investments by customers. This is the business model we are currently pursuing.

Through this approach, we aim to further expand our logistics DX business.

Participant [Q]: In both the previous and the new mid-term plans, you have highlighted the recovery of Central Conveyor Company as a key objective. In that context, what is your view on the impairment loss that was recognized and the resulting write-down of the remaining carrying value of the intangible assets to zero? From a shareholder perspective, it may be difficult to continue waiting until the end of the current mid-term plan period for improvement to materialize. If improvement is not achieved during the course of this mid-term plan, could you share your thoughts on what actions the company may consider?

Kimura [A]: Thank you for your question.

Regarding Central Conveyor Company, we sincerely apologize for the concern it has caused our shareholders.

As I mentioned earlier, we have already begun implementing various measures this fiscal year, including optimizing our operational footprint and consolidating our engineering resources. Accordingly, while I understand the concern, our intention is not simply to wait until 2030 and see what happens.

That said, if these measures fail to produce any signs of improvement, we are prepared to make the necessary decisions. However, at this stage, we have already taken a number of actions and are beginning to see some positive indications. While it would be difficult to make any definitive commitments at this point, I would like to emphasize that we are fully committed and dedicating all our efforts to achieving a successful turnaround.

Participant [Q]: I understand that increasing the proportion of after-sales service revenue has been one of your strategic priorities for some time. Could you share the current after-sales service ratio within the Materials Handling Division, as well as the target ratio you are aiming to achieve under the new mid-term plan?

Okamoto [A]: Currently, regarding the actual situation in fiscal year 2025, overall sales increased, so in that respect, the after-sales service ratio was approximately 20%. Going forward, we are aiming to increase this to 30% or 40%. In fact, our objective is to expand the after-sales service ratio not only within the material handling business but across the entire Tsubaki Group. As we shift our focus from optimizing individual business units to growing the entire Tsubaki Group, we believe there is significant potential to increase this ratio further. As for the specific targets, I would like to review the figures in more detail and follow up with you at a later date.

Moderator [M]: This concludes today's presentation by TSUBAKIMOTO CHAIN.

Thank you very much for your participation and attention today.

[END]