



TSUBAKIMOTO CHAIN CO.

FY2025 Q2 Settlement of Accounts

November 19, 2025

[Number of Speakers]

5

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↓ YOY sales decreased by 0.5%, operating income decreased by 12.2%

(Yen, millions)

	FY2024 1H ACT	FY2025 1H		Inc / Dec			
		FCT	ACT	YOY	%	Vs. FCT	%
Net sales	136,360	140,000	135,634	(725)	-0.5%	(4,365)	-3.1%
Operating income	9,459	9,500	8,302	(1,157)	-12.2%	(1,197)	-12.6%
%	6.9%	6.8%	6.1%				
Ordinary income	11,225	10,000	10,116	(1,109)	-9.9%	116	+ 1.2%
Net income	10,014	10,000	9,921	(93)	-0.9%	(78)	-0.8%
Exchange rates (USD)	152.77	140.00	146.02				
(EUR)	166.06	160.00	168.05				
(RMB)	21.06	20.00	20.44				

First, I will explain our consolidated financial results for Q2 FY2025.

Net sales totaled JPY135.634 billion, down 0.5% from the same period last year.

Operating income was JPY8,302 million, down 12.2%.

The actual exchange rates for the US dollar, euro, and yuan were JPY146, JPY168, and JPY20.5, respectively, showing yen appreciation against the dollar and yuan compared to the same period last year.

The amount of this foreign exchange impact was a decrease of JPY3.1 billion in net sales and JPY180 million in operating income compared with the same period of the previous year.

Ordinary income and interim net income attributable to owners of the parent are as stated, and net income includes an extraordinary gain of approximately JPY4.0 billion from the sale of shares held by the Company in its policy holdings.

- ◆ Motion Control and Mobility increased sales and income.
Chain increased sales but decreased profits due to tariff impacts in the U.S. and other factors.
Materials Handling recorded a decrease in revenue and a loss due to lower sales in the Americas.

(Yen, millions)

	Sales*1					Operating income				
	FY2024 1H		FY2025 1H		Inc / Dec YOY Vs. FCT	FY2024 1H		FY2025 1H		Inc / Dec YOY Vs. FCT
	ACT	FCT	ACT			ACT	FCT	ACT		
Chain	47,271	48,000	49,064		+ 3.8% + 2.2%	7,247	7,000	6,920		-4.5% -1.1%
Motion Control	11,363	12,000	11,879		+ 4.5% -1.0%	145	400	423		+ 190.8% + 6.0%
Mobility	44,688	45,000	45,333		+ 1.4% + 0.7%	3,684	3,900	4,472		+ 21.4% + 14.7%
Materials Handling	33,005	35,000	29,610		-10.3% -15.4%	(106)	700	(494)		— —
Other*2	1,702	1,600	1,627		-4.4% + 1.7%	(504)	(600)	(484)		— —
Adjust	(1,670)	(1,600)	(1,880)		— —	(1,006)	(1,900)	(2,534)		— —
All	136,360	140,000	135,634		-0.5% -3.1%	9,459	9,500	8,302		-12.2% -12.6%

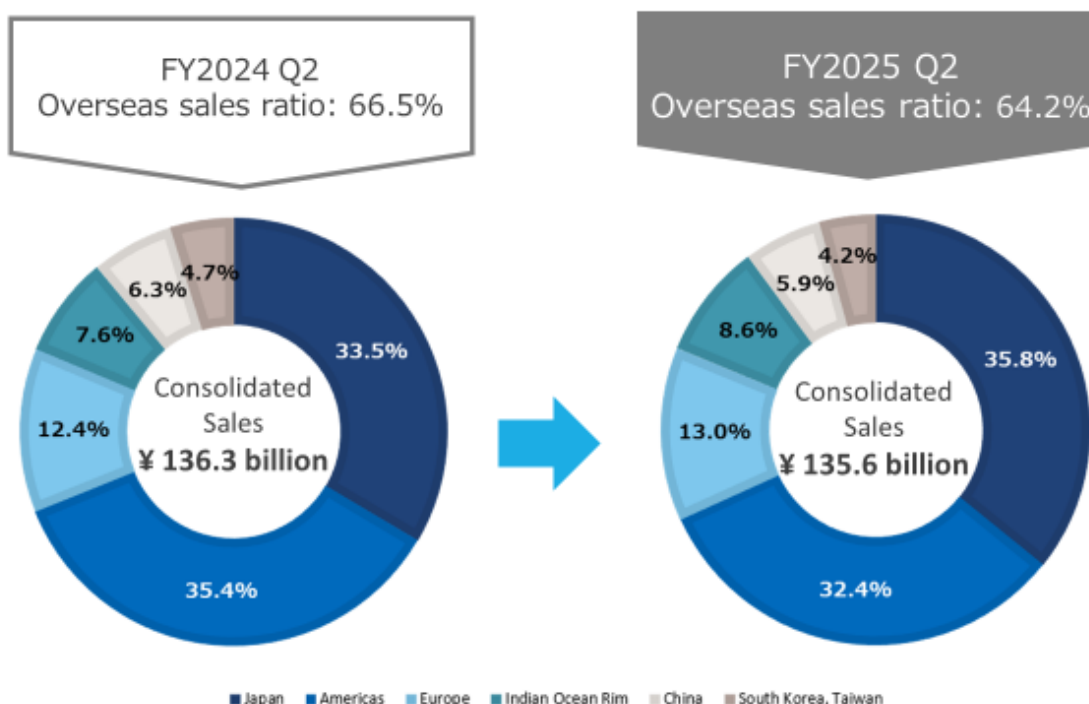
*1 Sales figures include internal sales and transfers between segments

2 Other is not a reportable segment

Next, we have the results by business segment.

YoY increases in sales and profits were achieved in the motion control and mobility businesses. While sales increased in the chain business, profits decreased due to the impact of US tariffs and other factors. As described above, the materials handling business recorded lower sales and a loss due to lower sales in the Americas.

The details of each segment will be explained later.



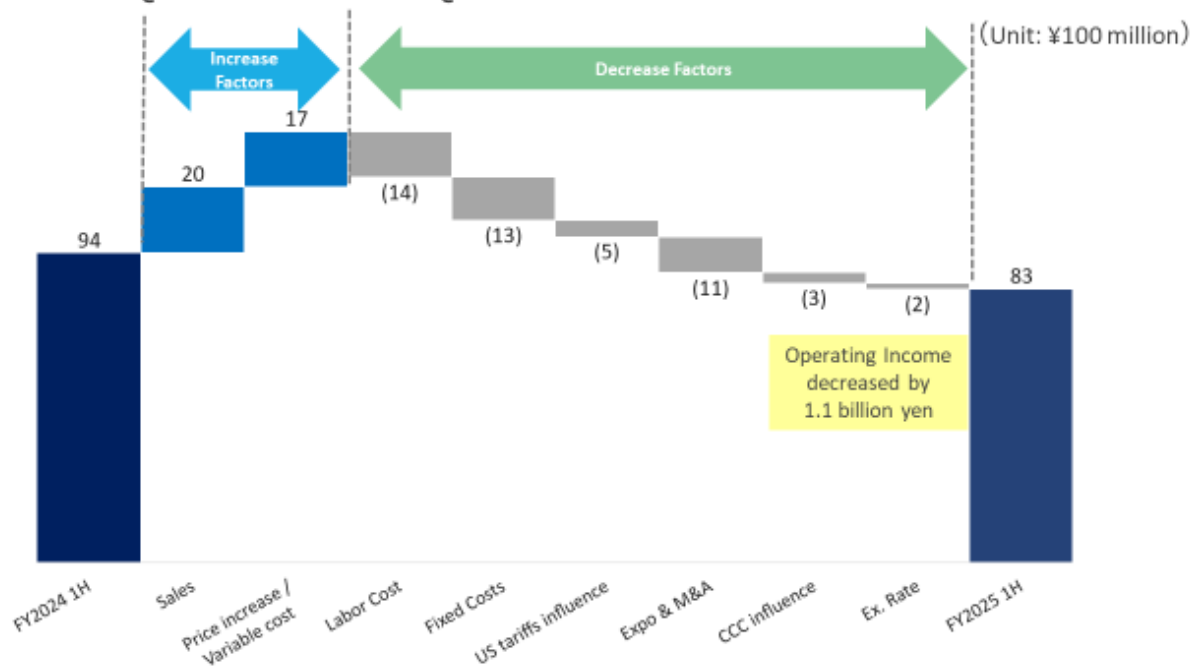
Now, I will explain sales by region.

In the Americas, sales increased in the chain, motion control, and mobility businesses, but overall sales decreased due to lower sales in the materials handling business.

On the other hand, sales in Europe increased due to the strong performance of the mobility business and the contribution of a newly consolidated subsidiary in the chain business.

Overall, the ratio of overseas sales to total sales decreased to 64.2% from 66.5% in the same period of the previous year, due to the appreciation of the yen as well as the fact that sales in all segments in Japan increased from the same period of the previous year.

FY2024-Q2 vs. FY2025-Q2



Now I would like to talk about the factors that contributed to an increase or decrease in operating income.

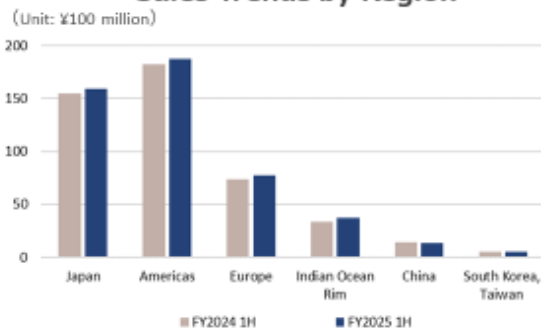
Operating income overall decreased JPY1.1 billion from JPY9.4 billion to JPY8.3 billion.

Operating income increased by JPY2.0 billion due to the increase in sales and JPY1.7 billion due to the improvement of variable ratios, including the effect of price increases.

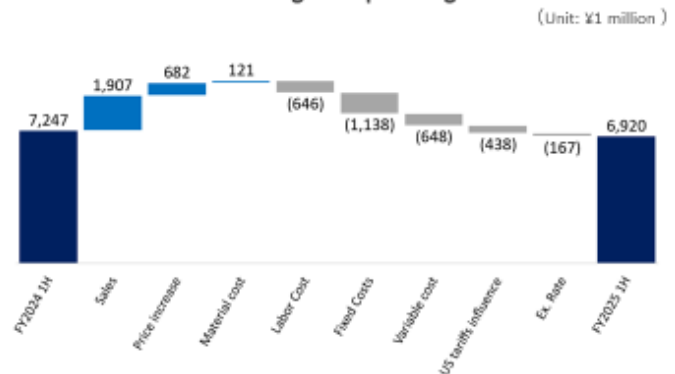
On the other hand, the main reason for the decrease in profit was an increase in personnel expenses of JPY1.4 billion. This is mainly due to our efforts to secure the workforce in Japan and increase employee engagement through base wage increases and other measures in the current fiscal year, as we did last year. In addition, fixed costs — including other manufacturing overhead — increased by ¥1.3 billion.

In addition, the company spent JPY1.1 billion in other expenses this fiscal year, including Expo participation costs and FA expenses related to the business integration with Daido Kogyo, which resulted in an overall decrease in profit.

Sales Trends by Region



Causes of change in operating income



»» YOY

Sales

+1,792 million yen
(+3.8%)

Sales increased due to strong performance in Japan and the Americas, as well as contributions from subsidiaries acquired in Europe last fiscal year.

Operating Income

▲326 million yen
(▲4.5%)

Profit decreased due to increased tariff costs in the United States, among other factors.

»» Vs. Forecast

Sales

+1,064 million yen
(+2.2%)

Sales increased due to strong performance in Japan and the Americas.

Operating Income

▲79 million yen
(▲1.1%)

Same as left.

Now, I will explain the situation by business segment.

Chain sales increased by 3.8% year-on-year.

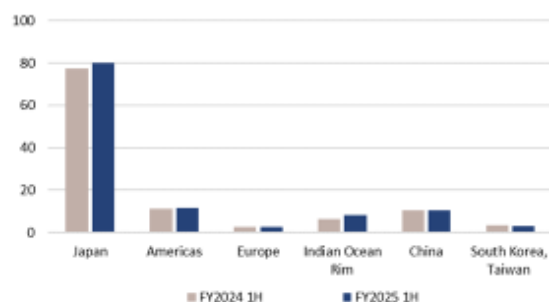
In addition to solid sales in Japan and the Americas, sales increased due to the contribution of a European subsidiary that was consolidated in January this year.

Profit decreased by 4.5% mainly due to the impact of tariffs in the US. Compared to the forecast, sales increased 2.2%, mainly due to strong sales in Japan and the Americas.

Despite the higher sales, profits declined slightly due to the impact of US tariffs, which had not been factored into the initial forecast.

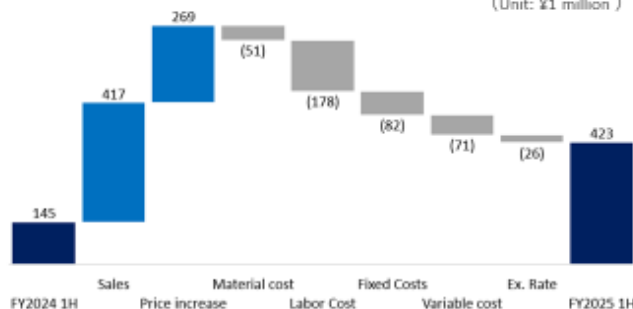
Sales Trends by Region

(Unit: ¥100 million)



Causes of change in operating income

(Unit: ¥1 million)



YOY

Sales

+516 million yen
(+4.5%)

Operating Income

+278 million yen
(+190.8%)

Japan's recovery and continued strong performance at ATR (manufacturing and sales of couplings) in North America drove sales increase.

Profits increased due to higher sales and the effect of price increases implemented in the latter half of the previous fiscal year.

Vs. Forecast

Sales

▲120 million yen
(▲1.0%)

Operating Income

+23 million yen
(+6.0%)

Japan's recovery came in slightly below expectations.

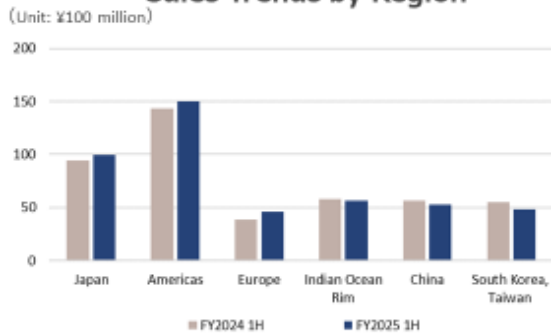
Despite lower-than-expected sales, cost improvement effects in Japan led to increased profits.

The motion control business reported a 4.5% increase in sales and a 190% increase in income. In Japan, which accounts for the majority of sales, the main reason for the increase was a gradual recovery in demand for semiconductors and machine tools. In North America, a subsidiary that manufactures and sells flex couplings performed well.

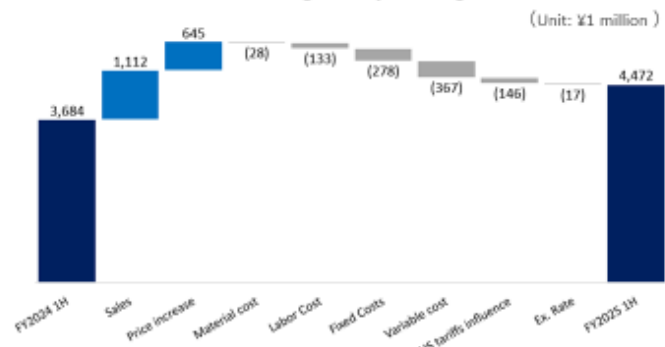
Profits also increased due to a recovery in sales in Japan, which accounts for more than 70% of sales, and the effect of price increases implemented in H2 last year, despite the impact of higher labor and other costs.

Compared to the forecast, sales slightly fell short of expectations, but profits increased, mainly due to the effects of cost improvement activities.

Sales Trends by Region



Causes of change in operating income



YOY

Sales

+645 million yen
(+1.4%)

Sales increased due to strong sales in Japan and the United States, as well as contributions from new projects in Europe, etc.

Operating Income

+788 million yen
(+21.4%)

Profit increased, mainly driven by higher sales in Japan.

Vs. Forecast

Sales

+333 million yen
(+0.7%)

Almost in line with expectations, with a slight increase in revenue driven by strong performance in the U.S.

Operating Income

+572 million yen
(+14.7%)

Income increased as tariff impacts were lower than initial estimates.

The mobility segment reported a 1.4% increase in revenues and a 21.4% increase in income compared to the same period last year.

We saw higher sales in Japan, and Europe also contributed, driven by continued ramp-up of production for new projects.

In the US, despite concerns about the impact of tariffs, sales remained strong and continued to grow.

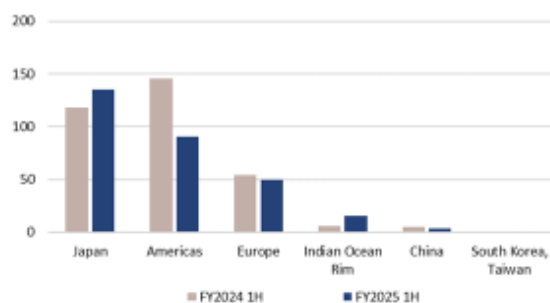
Profits also increased significantly due to higher sales in Japan.

Revenue increased compared to forecasts, driven by strong performance in the US.

While profitability in the US declined due to tariff impacts, the degree of impact was less than initially anticipated, resulting in a significant increase in profit overall.

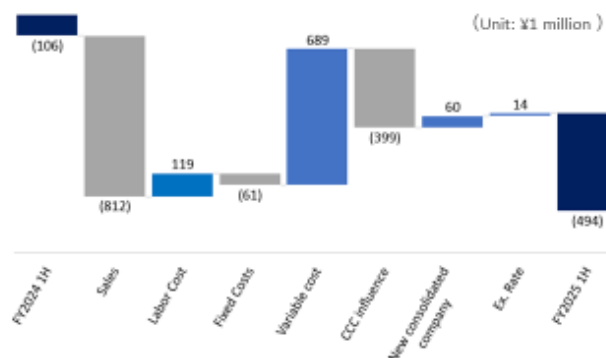
Sales Trends by Region

(Unit: ¥100 million)



Causes of change in operating income

(Unit: ¥1 million)



YOY

Sales

▲3,394 million yen
(▲10.3%)

Despite an increase in sales in Japan, overall sales declined due to a decrease in sales of systems for automobile manufacturing lines in the United States.

Operating Income

▲388 million yen
(-)

With lower revenue unable to cover fixed costs, the U.S. recorded a loss, leading to higher segment losses.

Vs. Forecast

Sales

▲5,389 million yen
(▲15.4%)

Same as left.

Operating Income

▲1,194 million yen
(-)

Same as left.

In the materials handling business, sales declined 10.3% compared to the same period last year, and an operating loss of JPY490 million was recorded.

The decline in sales and widening loss were mainly due to lower sales at Central Conveyor in the US, as well as the Mayfran business in the US.

From the end of the previous fiscal year through the 1st half, orders from automakers, our major customers, stagnated due to the uncertainty surrounding tariff policies in the US.

In terms of profit, the amount of loss also increased due to the decrease in revenue.

Compared to the forecast, as in the same period of the previous year, sales and profits decreased due to sluggish sales in North America.

- ◆ Revised downward from the previous forecast (released May 14)
Sales are projected to increase by 1.7% year-on-year, while operating profit is expected to decrease by 12.5%.

(Yen, millions)

	FY2024	FY2025 forecast			YOY
	ACT	1H(ACT)	2H	Full year	Inc / Dec
Net sales	279,193	135,634	148,366	284,000	+ 1.7%
Operating income	22,854	8,302	11,698	20,000	-12.5%
%	8.2%	6.1%	7.9%	7.0%	
Ordinary income	25,332	10,116	11,884	22,000	-13.2%
Net income	22,122	9,921	9,079	19,000	-14.1%
Exchange rates (USD)	152.62円	146.02円	148.00円		
(EUR)	163.87円	168.05円	170.00円		
(RMB)	21.03円	20.44円	20.00円		

Next, I will explain the consolidated earnings forecast for the fiscal year ending March 31, 2026.

We have revised downward our consolidated forecasts for both sales and profit from those announced on May 14.

Net sales are expected to be JPY284 billion, an increase of JPY4.8 billion, or 1.7%, from the previous year, and operating income is expected to be JPY20 billion, a decrease of JPY2.8 billion, or 12.5%, from the previous year. Ordinary income and net income attributable to owners of the parent were also revised downward.

- ◆ Sales and profit for Motion Control have been revised upward.
 Sales for Chain and profit for Mobility have been revised upward.
 Sales and profit for Materials Handling have been revised downward, reflecting U.S. order performance through the first half of the fiscal year and other factors.

(Yen, millions)

	Sales *1					Operating income				
	FY2024	FY2025		Inc / Dec		FY2024	FY2025		Inc / Dec	
	Actual	Current Forecast	Original Forecast	YOY	Vs. Original Forecast	Actual	Current Forecast	Original Forecast	YOY	Vs. Original Forecast
Chain	96,277	100,500	98,500	+ 4.4%	+ 2.0%	15,585	15,000	15,000	- 3.8%	+ 0.0%
Motion Control	23,387	25,000	24,500	+ 6.9%	+ 2.0%	770	1,200	1,000	+ 55.8%	+ 20.0%
Mobility	91,193	92,000	92,000	+ 0.9%	+ 0.0%	8,287	9,000	7,900	+ 8.6%	+ 13.9%
Materials Handling	68,313	67,000	75,000	- 1.9%	- 10.7%	1,247	800	2,400	- 35.9%	- 66.7%
Other*2	3,547	3,400	3,300	- 4.2%	+ 3.0%	(833)	(1,300)	(900)	—	—
Adjust	(3,525)	(3,900)	(3,300)	—	—	(2,203)	(4,700)	(3,900)	—	—
All	279,193	284,000	290,000	+ 1.7%	- 2.1%	22,854	20,000	21,500	- 12.5%	- 7.0%

*1 Sales figures include internal sales and transfers between segments

2 Other is not a reportable segment

Segment forecasts.

Compared to the initial forecast, both sales and profits were revised upward for the motion control business, while sales and profits were revised upward for the chain business and the mobility business, respectively.

On the other hand, both sales and profits of the materials handling business have been revised downward in light of the orders received during the 1st half in the US.

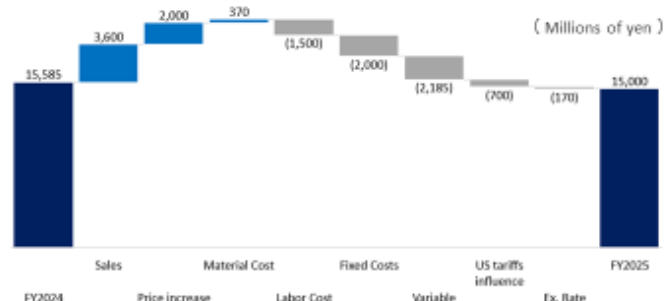
Compared to the previous year, the adjustment to operating income has increased due to expenses related to the Expo 2025 Osaka Kansai and FA expenses related to the business integration with Daido Kogyo.

※1 Sales figures include internal sales and transfers between segments

(Millions of yen)

	Sales *1							Operating Income						
	FY2024		FY2025			Inc / Dec		FY2024		FY2025			Inc / Dec	
	Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast	Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast
Chain	96,277	49,064	51,435	100,500	98,500	+ 4.4%	+ 2.0%	15,585	6,920	8,079	15,000	15,000	- 3.8%	+ 0.0%

Causes of change in operating income



✓ Sales

Although largely in line with the initial forecast, sales are projected to increase due to recovering demand in Japan and the U.S.

✓ Operating Income

Despite improving costs through automation, labor-saving measures, and in-house production, profits are expected to decline due to the impact of U.S. tariffs.

I will now explain each business segment in more detail.

First, in the chain business, we project sales of JPY100.5 billion and operating income of JPY15 billion, an increase of 4.4% from the previous year and a decrease of 3.8%, respectively.

Factors contributing to the increase include higher sales in the US and strong sales in Japan, which are expected to remain steady through the 2nd half.

In addition, the full-year contribution from Jungbluth, which was acquired in Europe last fiscal year, and the gradual but steady recovery of the German subsidiary, which was weak last fiscal year, are factors that will boost our sales.

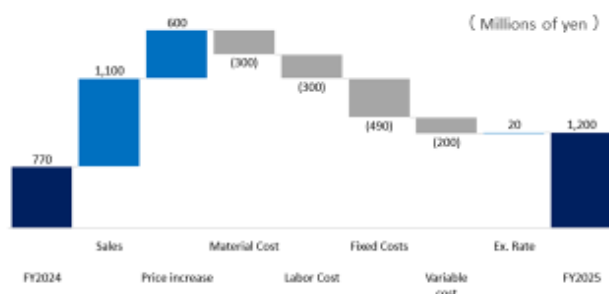
On the other hand, operating income is expected to decrease due to the expected impact of tariffs in the US, which is expected to be approximately JPY700 million for the full year.

※ 1 Sales figures include internal sales and transfers between segments

(Millions of yen)

	Sales *1							Operating Income						
	FY2024		FY2025			Inc / Dec		FY2024		FY2025			Inc / Dec	
	Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast	Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast
Motion Control	23,387	11,879	13,120	25,000	24,500	+ 6.9%	+ 2.0%	770	423	776	1,200	1,000	+ 55.8%	+ 20.0%

Causes of change in operating income



✓ Sales

Although there has been no significant change to the initial forecast, we do anticipate a recovery in both the semiconductor and machine tool industries in Japan.

✓ Operating Income

We anticipate an increase in profit due to a recovery in sales.

Next is the motion control business.

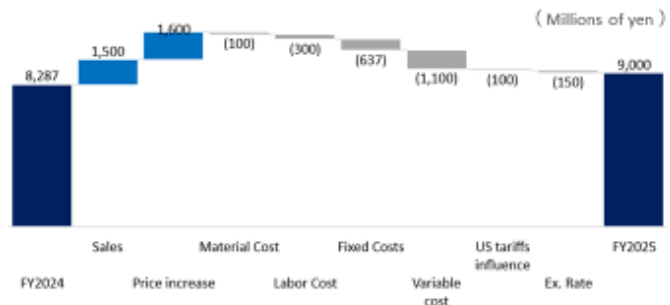
We assume net sales of JPY25 billion and operating income of JPY1.2 billion, an increase of 6.9% and 55.8%, respectively. We expect further recovery in the semiconductor and machine tool industries and related industries through the 2nd half and expect profits to increase in line with the increase in sales.

※ 1 Sales figures include internal sales and transfers between segments

(Millions of yen)

	Sales *1							Operating Income						
	FY2024	FY2025				Inc / Dec		FY2024	FY2025				Inc / Dec	
	Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast	Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast
Mobility	91,193	45,333	46,666	92,000	92,000	+ 0.9%	+ 0.0%	8,287	4,472	4,527	9,000	7,900	+ 8.6%	+ 13.9%

Causes of change in operating income



✓ Sales

We anticipate revenue to increase due to continued production increases by European automakers, Japan's recovery following its weak start last fiscal year, and the continued robust performance in the U.S.

✓ Operating Income

In addition to an increase in sales driving improved profitability, earnings growth is anticipated as the impact of U.S. tariffs is expected to be smaller than initially projected.

In the mobility business, we project net sales of JPY92.0 billion and operating income of JPY9 billion, an increase of 0.9% and 8.6%, respectively.

In our May 14 forecast, we had factored in a deterioration in operating income of about JPY1 billion due to tariffs in the US.

However, after negotiations with several automakers, we now expect to make progress in passing those costs on. As a result, profits are projected to come in higher than our initial forecast.

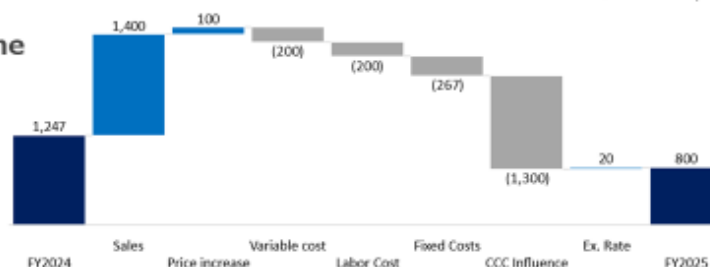
※ 1 Sales figures include internal sales and transfers between segments

(Millions of yen)

	Sales *1							Operating Income						
	FY2024		FY2025			Inc / Dec		FY2024		FY2025			Inc / Dec	
	Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast	Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast
Materials Handling	68,313	29,610	37,389	67,000	75,000	- 1.9%	- 10.7%	1,247	(494)	1,294	800	2,400	-35.9%	- 66.7%

(Millions of yen)

Causes of change in operating income



✓ Sales

Despite an increase in sales to the Japanese construction machinery industry and the consolidation of an Indian subsidiary, revenue is expected to decline due to decreased sales of systems to the U.S. automotive industry.

✓ Operating Income

Although profitability has improved in Japan, a decline in U.S. sales is expected to result in lower overall profits.

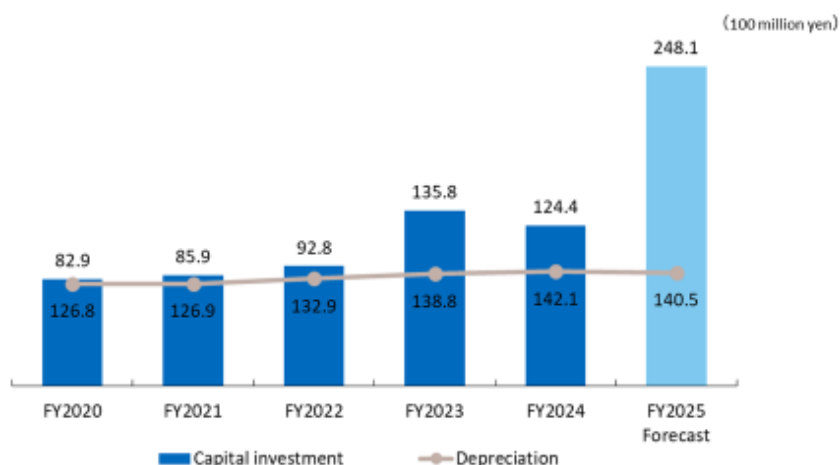
Next is the materials handling business.

Net sales are projected at JPY67 billion and operating income at JPY0.8 billion, a decrease of 1.9% and 35.9%, respectively.

Japan's materials handling division is expected to see significant improvement this fiscal year.

However, despite positive factors such as the consolidation of an Indian subsidiary handling powder and granular materials handling systems, profits are projected to decline due to the poor performance of Central Conveyor and the Mayfran business in the US.

- ✓ Capital investment to strengthen growth capabilities
 - Investment in automation and efficiency enhancement of production systems (All businesses)
 - Expansion of production facilities in North America, etc.



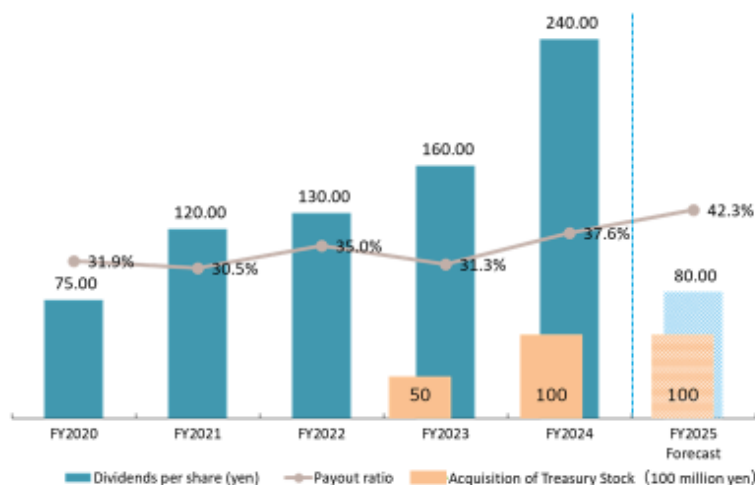
Now onto depreciation and capital expenditures.

We will aggressively invest capital to strengthen our ability to sustain growth.

We plan to invest a total of JPY 24.8 billion, covering both automation and efficiency improvements to our production systems as well as the expansion of production facilities in North America.

Depreciation and amortization expenses are as stated.

- ✓ Shareholder Returns: Annual dividend of ¥80 per share and ¥10 billion share buyback program currently underway



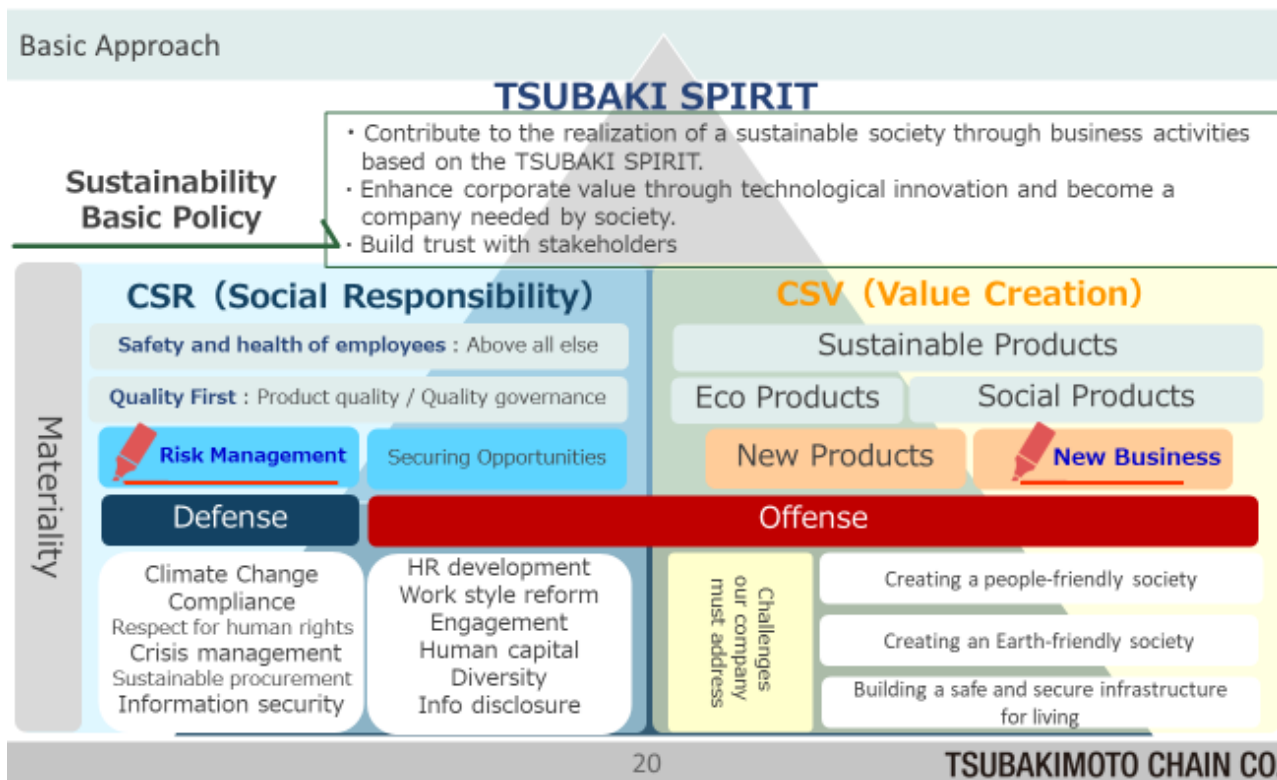
* A stock split at a ratio of three shares for every one common share took effect on October 1, 2024.
FY2024 dividends are stated without adjustment for the stock split; on a post-split basis, they would total ¥146 (¥99 interim, ¥47 year-end).

I would now like to explain our shareholder return policy.

Regarding shareholder returns for the current fiscal year, while we have revised our earnings forecast downward, our shareholder return plan remains unchanged from the forecast as of May 14.

We plan to pay an interim dividend of 40 yen per share and a year-end dividend of 40 yen per share, totaling 80 yen per share for the full year, with an expected dividend payout ratio of 42.3%.

Assuming that the stock split had not been implemented, the amount would be JPY240 for the full year, the same as last year. In addition, a share buyback program of up to JPY10 billion is currently underway.



I would now like to introduce the sustainability initiatives of the Tsubakimoto Chain Group.

First, here is our basic approach to sustainability.

Our approach to sustainability initiatives is premised on our corporate philosophy, "TSUBAKI SPIRIT," and is set forth in our Basic Sustainability Policies.

Broadly speaking, they are classified into two categories: CSR, or social responsibility in corporate operations, and CSV, or value creation for society through products and services.

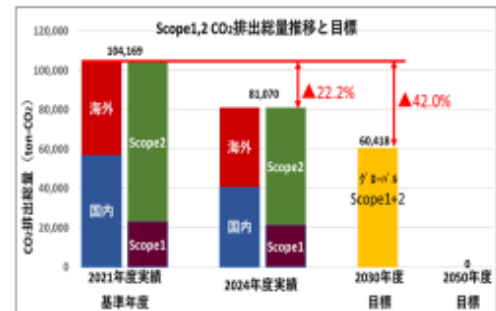
Of these, with respect to CSR, the focus has been on risk mitigation but going forward we will also focus on capturing opportunities for human capital and improved engagement.

With regard to CSV, as indicated in our Long-Term Vision 2030, we will create sustainable products and new businesses to solve social issues such as the realization of a people-friendly society, the creation of an earth-friendly society, and the establishment of a secure and safe infrastructure for living.

Regarding the "creation of an earth-friendly society" among the three social issues, we believe that activities toward carbon neutrality are important.

◆ Goals and Activity History

- FY2017 Set goals: Officially launched CO₂ reduction activities
- FY2018 CDP-climate change / Participated in water program
- FY2021 Started Energy JIT activities at the model factory
- FY2022 Started purchasing FIT non-Fossil renewable energy certificates
- FY2023 Obtained SBT certification, set ICP (Internal Carbon Price)
- FY2024 Launched decarbonization project for heat treatment processes



◆ Strategy

Strategy 1 >>> Promote energy conservation and decarbonization through our own activities

- ① Energy "JIT: Just-in-Time" Activities
= Review energy wastage in production processes in accordance with the Six Principles of Energy Conservation
- ② Launch project for decarbonizing steel heat treatment processes (Scope 1 CO₂ Emissions Reduction)



This slide shows a brief history of our activities toward becoming carbon neutral.

Our CO₂ reduction activities began in earnest in FY2017, and we have participated in the CDP-Climate Change Program since FY2018.

We have been promoting energy-saving activities at model factories since FY2021, and began introducing carbon-free electricity in FY2022.

Since then, we have made steady progress in obtaining TCFD endorsement, SBT certification, and establishing internal carbon pricing, achieving a reduction of approximately 22% as of FY2024, compared to the SBT target of a 42% reduction in FY2030 compared to FY2021.

Furthermore, in FY2024, we launched an R&D project to decarbonize the heat treatment process. Among our various initiatives, we prioritize energy conservation above all else and will continue to implement energy-saving activities that contribute to reducing CO₂ emissions and lowering electricity costs.

Strategy 2 >>> Reduce Scope 2 CO₂ emissions by installing on-site power generation

	Mobility Division Saitama Plant	Domestic total	Global total
FY2024 power generation results	1,595 MWh	2,469 MWh	5,901 MWh
Percentage of total power consumption	4.1%	2.3%	3.2%

Strategy 3 >>> Reduce Scope 2 CO₂ emissions through the procurement of carbon-free power

		Mobility Division Saitama Plant	Domestic total	Global total
FY2024	Purchase history	15,000 MWh	36,421 MWh	43,195 MWh
	Percentage of total power consumption	38.1%	34.6%	23.2%
FY2025	Purchase plan	22,920 MWh	46,014MWh	60,645 MWh
	Percentage of total power consumption	59.6%	44.7%	33.4%
Renewable energy type being purchased		FIT renewable energy with non-fossil certificate		—

Strategy 4 >>> Switch to a virtual power purchase agreement (PPA) for purchased carbon-free electricity

Next, I will explain the introduction of renewable energy.

We have installed solar power generation equipment on our own land and on the roofs of our buildings and are promoting in-house power generation at our plants around the world.

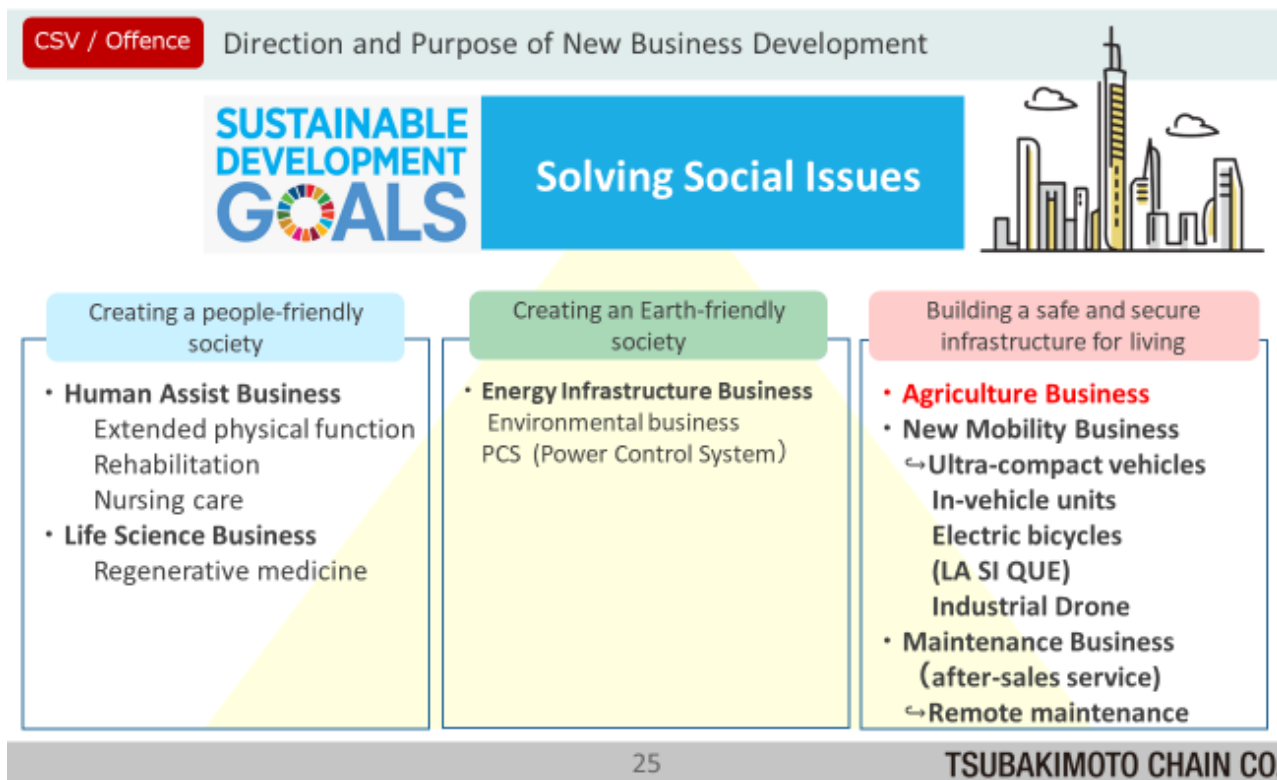
Current annual power generation is approximately 5.9 million kilowatt per hour, which is equivalent to about 1,400 average households.

In Japan, we have been purchasing carbon-free electricity with FIT non-fossil certificates since FY2022.

In particular, our mobility division has been leading the way in increasing the ratio of carbon-free electricity introduced.

Furthermore, although FIT electricity is cost-competitive, its one-year contracts carry a risk of price fluctuations. So starting in FY2026, we plan to introduce off-site virtual PPAs for the first time, which provide higher environmental value.

We will continue to reinvest the electricity cost savings from energy-efficiency measures into the introduction of new renewable energy.



Next, I will explain our initiatives for CSV and new business creation.

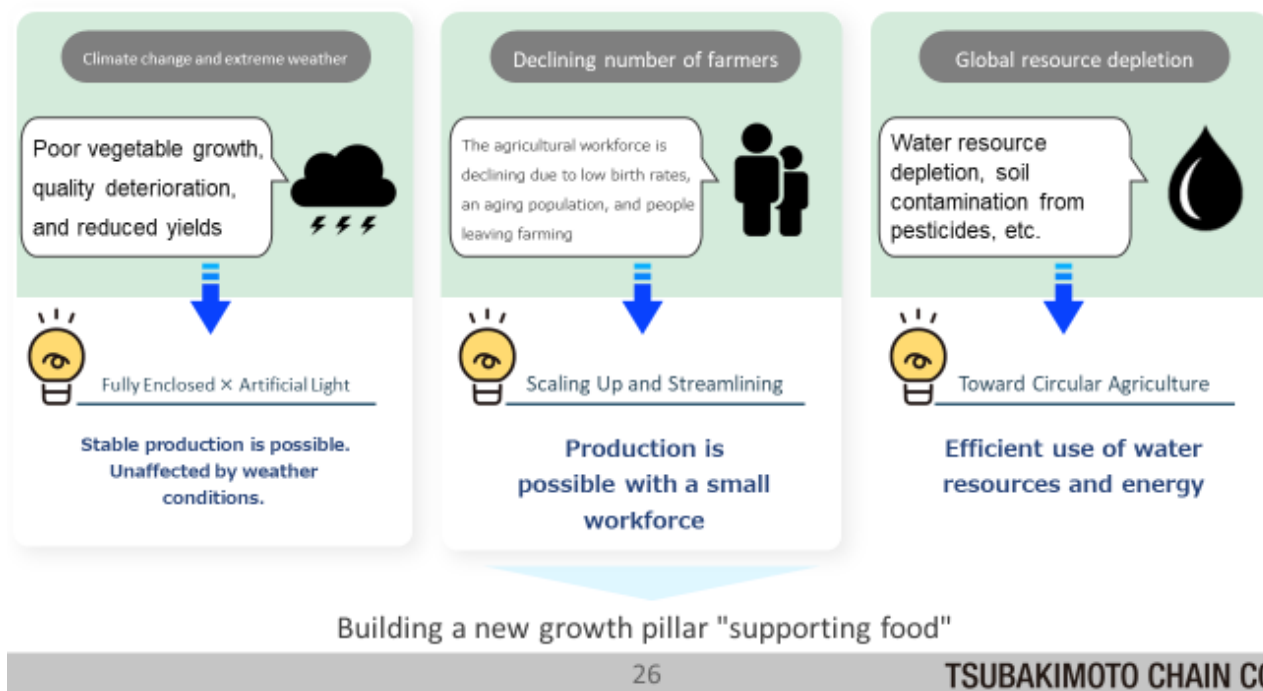
First of all, I would like to explain the direction of our new business development efforts.

Investment in new businesses will contribute to the realization of a corporate group capable of contributing to the resolution of social issues, which is the direction the Group has set in its Long-Term Vision 2030.

Specifically, we have identified the following three social issues as areas in which we should contribute: the realization of a people-friendly society, the construction of a safe and secure infrastructure for daily life, and the creation of an environmentally friendly society.

Today, we would like to introduce our agri-business, which is now in full swing.

Why plant factories?



In recent years, as the effects of climate change have intensified, there is a growing need to establish a stable food supply system on a global scale.

In Japan, the frequent occurrence of abnormal weather such as heavy rains and heat waves has made stable production difficult with conventional farming methods.

In addition, the aging of farmers and the shortage of labor has made it urgent to establish a new production model that achieves stable production with a smaller workforce.

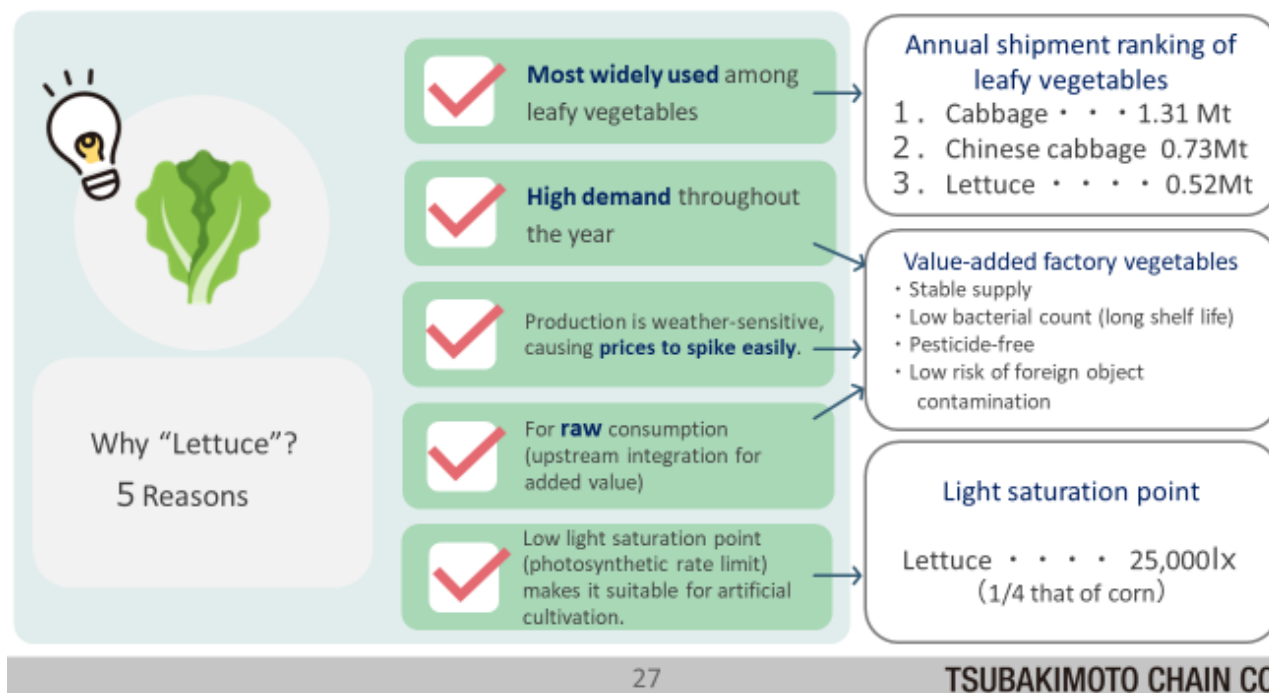
To help solve these social issues, we have positioned plant factories as one of our growth areas.

Plant factories are a next-generation agricultural model with a low environmental impact, as they enable stable production unaffected by weather or season, and can significantly reduce water consumption.

We are developing equipment to reduce labor and automate each process by utilizing the automation technology we have cultivated to date.

This will both improve production efficiency and reduce labor burdens, and we hope to realize a new form of agriculture that is easy for everyone to work in. The plant factory business is a response to social issues such as climate change and resource constraints, and at the same time, it is positioned as a business that could become a pillar of growth by taking advantage of our technology.

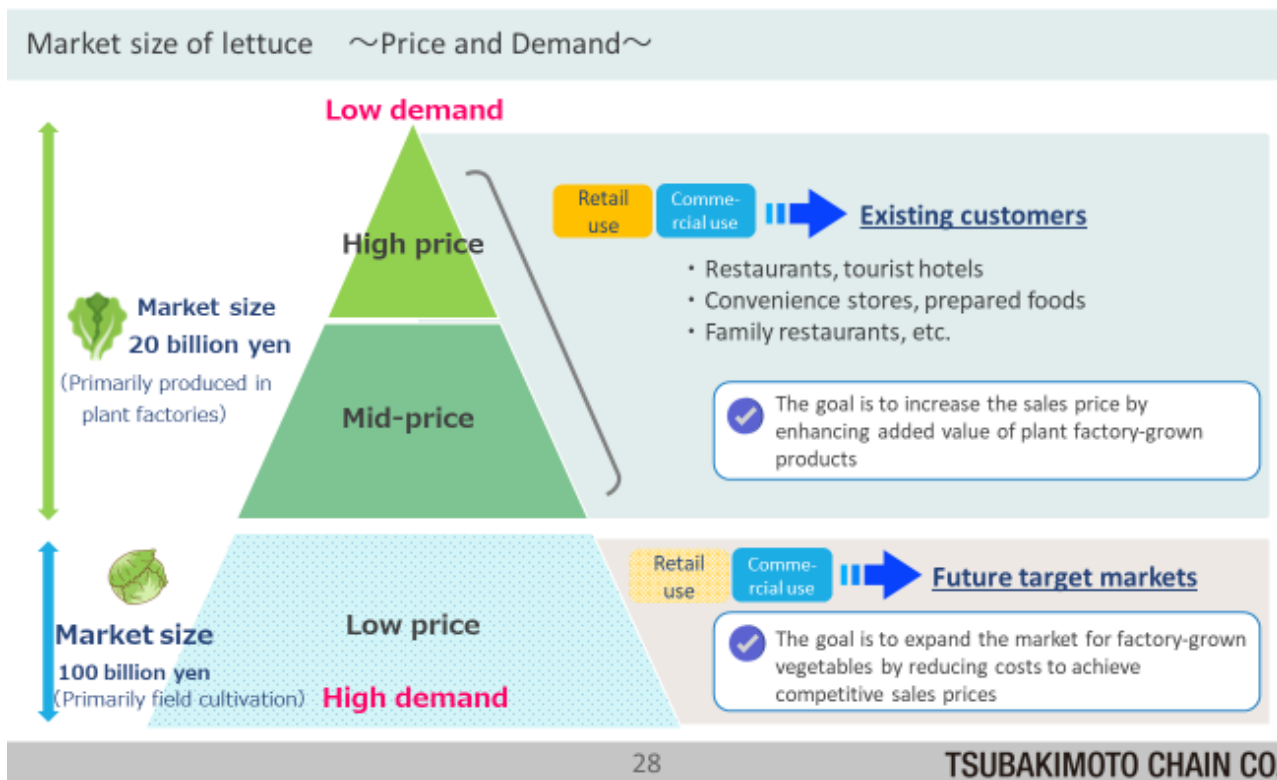
Artificial Light Plant Factory: Why "Lettuce Cultivation"?



The reason why we are engaged in the cultivation of lettuce as the first step in our plant factory business is because it is one of the most widely shipped leafy vegetables and is expected to be in stable demand. The large size of the market means that the business has a high potential for stable profitability.

In addition, since lettuce is mainly eaten raw, a high level of food safety is required.

Fully enclosed plant factories are not affected by the external environment and can grow crops in a clean environment without the use of pesticides, making them the most suitable for market needs. In addition, although we are currently focusing on lettuce, in the future we will develop our business with an eye to applying it to other leafy vegetables and high value-added crops.



The market for lettuce produced in plant factories is said to be worth approximately JPY20 billion, and according to our own research, we and our subsidiary, Tsubaki VegyMove, have the largest share of this market. We're receiving very positive feedback from commercial customers, including the food-service, ready-meal, and convenience-store sectors.

Currently, we are working to further expand applications and improve quality as part of our efforts to further increase value-added products.

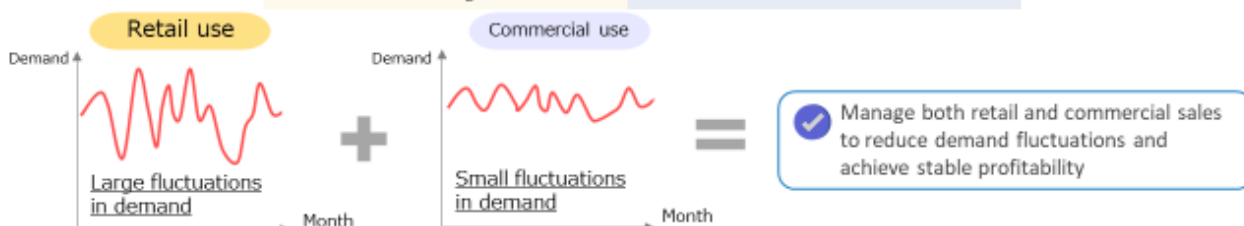
By adding new values such as sweetness and nutrients, we aim to maintain and improve the selling price and create products with greater value.

By increasing added value to justify our current market pricing, expanding our share, and improving profitability through automation, we'll also work to tap into a broader, lower-price segment.

Market characteristics and our group's business model

The difference between "retail use" and "commercial use"

	Retail use	Commercial use
Branding	Important	None (Priorities are stable supply and consistent quality)
Plant size	Small (60~80 g /plant)	Large (200~300g/plant)
Selling price (¥/Kg)	High	Low
Stability	Market impact is significant	Market impact is small
Seasonality	Demand declines from autumn through winter	Relatively stable



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On the other hand, many plant factory operators are facing financial difficulties, and some are concerned that ours may be no different.

One of the main factors that make it difficult for plant factories to become profitable is the lack of sufficient sales channels, resulting in unsold products that put pressure on profits.

Small factories often sell to nearby supermarkets and general customers, making it difficult to stabilize earnings due to fluctuating demand.

On the other hand, demand in the commercial market is relatively stable, but because a certain production volume and quality are required, it is difficult for small factories to cope alone, and cultivation know-how is also extremely important.

Tsubaki VegyMove, a subsidiary of the Company, reduces risks arising from demand fluctuations by appropriately combining retail and commercial use, and by utilizing a nationwide alliance system to make adjustments based on delivery destination and regional characteristics.

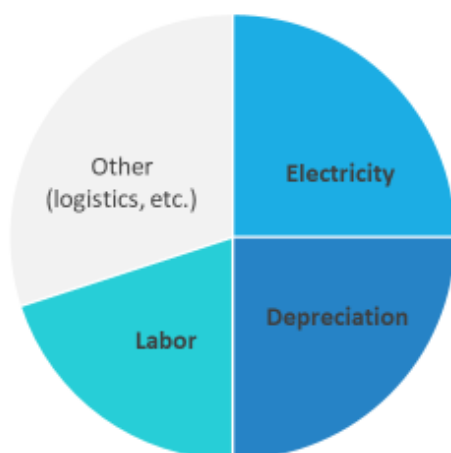


Initiatives for New Business Creation

Market Characteristics and Our Group's Business Model

Challenges in Plant Factories ~Cost Reduction~

Three Major Costs of Plant Factories



Reduce Electricity Costs

- Develop LED lighting for plant factories
- Utilize solar power and batteries

Reduce Labor Costs

- Automate production processes
- Implement effective conveying equipment



Reduce Depreciation Expense

- Improve cultivation room area efficiency
- Reduced lighting equipment through improved LED lighting efficiency

Improve profitability through cost reduction

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The second issue is the cost of operating the plant.

The three main costs of a plant factory are electricity, depreciation, and labor.

Naturally, reducing these costs is also necessary for stable profitability.

Investing in automation will temporarily increase depreciation costs, but it will significantly reduce labor costs.

The choice of location also has a significant impact on business continuity.

We have established a stable and efficient production system by selecting a location and business structure that optimizes the balance between power, labor, and transportation costs, combined with automation technology.

In addition, we will develop LED lighting specifically for plant factories to further reduce costs in the future.

About the Fukui Mihama Plant

Creating an attractive plant factory

Commenced operations
from Aug 1st, 2025



① Large-scale production of **2.2 tons per day**

(※At full capacity)

→ Most other factories produce one ton per day

② **Fully automated** cultivation process

Introduced automation and labor-saving equipment in other processes too

→ Operates with approximately half the personnel required for comparable facilities.



To address the challenges in plant factories that I have explained so far, and to establish a model facility that demonstrates both high profitability and strong appeal, we constructed the Mihama Plant in Fukui—our sixth plant in Japan—and began operations on August 1 of this year.

This plant is designed to ensure the stable production of safe, reliable factory-grown vegetables and to develop automation equipment and cultivation technologies closely aligned with on-site production needs.

It is capable of large-scale production at 2.2 tons per day, and it has already achieved full automation of the cultivation process. As a result, compared with conventional plants of the same scale that rely heavily on manual labor, it can operate with roughly half the workforce.

Going forward, we will continue to place strong emphasis on profitability while further strengthening our initiatives to build a people-friendly and highly attractive manufacturing sites.

Strengths and future direction of Agriculture Business

Strengths of Agriculture Business

01

Equipment development
and sales

Automation technology that
minimizes labor to the extreme

02

Cultivation

Cultivating safe and
secure vegetables

03

Sales

Stable price

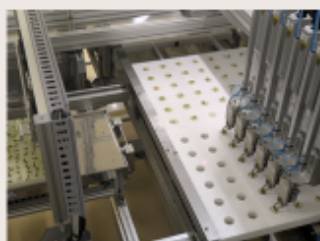
04

Consulting

Comprehensive
consulting

End-to-end solutions from equipment development to sales and consulting

Examples of automation
equipment for plant
factories



Automatic transplanter



Lift (cultivation rack)



AGV

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The strength of our agribusiness lies in our ability to provide total support for the development of automated equipment, cultivation operations, sales, and consulting.

By cultivating lettuce at the Mihama Plant in Fukui, we will gain an accurate understanding of on-site production and market needs in sales, and leverage these insights to drive future business expansion.



Agriculture Business Goals

Leveraging our strengths to become the fifth pillar

TSUBAKI VEGYMOVE CO.

Consulting leveraging
cultivation and sales
expertise



- ① Industry-leading product competitiveness
- ② Expertise in cultivating a wide range of varieties
- ③ Sales routes to major customers
- ④ Supply system via our national alliance network
- ⑤ Research and development capabilities aligned with needs



Agriculture Business Division

Automated system
technology
development function



Track record in developing
and supplying efficient
automated and labor-saving
equipment



FY2030
Aiming for
5 - 10 billion yen in sales



Expansion of the Agriculture
Business contributes to the
realization of sustainable agriculture



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Through these efforts, we will continue to focus on growing our business into a fifth business pillar with sales of 5 to 10 billion yen in FY2030, and at the same time contribute to the realization of sustainable agriculture.

That's all from me. Thank you for your attention.

Question & Answer

Sasao [Q]: My name is Sasao from SMBC Nikko Securities. Thank you for your time. I would like to ask you a few questions.

Firstly, I wanted to ask about materials handling. I believe you explained that both Central Conveyor and Mayfran were having difficulty winning orders due to the tariffs in the US. I think that the tariffs have settled down now, so do you see any signs of recovery in the demand environment, trends in orders, etc.?

Also, you mentioned that there were some fixed costs that could not be fully covered in the 1st half. Do you expect profitability to improve in the 2nd half through recovery in volume and cost control? Or do you primarily anticipate improvements in domestic business divisions and such which you mentioned earlier?

Okamoto [A]: I will answer your questions. I'm Okamoto, General Manager of Materials Handling.

Indeed, North America saw a significant improvement last year, but when the tariff issue arose, investment by the North American Big Three abruptly halted. Consequently, orders for projects initially planned were largely put on hold. Now, as you mentioned earlier, investment has resumed, and inquiries for estimates have finally picked up again. Some orders that had been placed were put on hold, but those have now been reinstated. However, for maintenance-related work, the reinstatement of these orders and their subsequent booking will only directly contribute to sales starting in the next fiscal year. Regarding project proposals, we anticipate they will come in the next fiscal year, so I believe the numbers for this fiscal year will still be challenging.

Additionally, regarding the major Japanese manufacturers we have particularly close relationships with, while investment projects are actually imminent, they too were in a wait-and-see mode. Since these are now scheduled for the next fiscal year, it seems we'll need to exercise a bit of patience. We believe that orders will recover in the next fiscal year.

Sasao [Q]: Thank you very much. In the 2nd half, the situation in the US will still be difficult in terms of timing, but I think that other areas will be the main areas where profitability will improve, or return to the level of the previous year.

Okamoto [A]: Yes, we believe so.

Sasao [Q]: Thank you. I believe your U.S. subsidiary, Central Conveyor, has already completed various structural reforms. Rather than pursuing additional cost-reduction measures at this stage, it seems you are taking more of a short-term wait-and-see approach. With that in mind, will the current organizational setup be maintained and carried over into the next fiscal year?

Okamoto [A]: Although we did see some recovery last fiscal year, we are not simply going to leave the structure as is. In fact, we are considering various organizational improvements to further strengthen it. Another area is what we call the retrofit business. We are supporting the renewal of existing equipment lift projects from the Japanese side. We are currently developing demonstration units and promoting them to North American customers, including the Big Three. In this regard, we are actively pursuing not only large-scale investments but also this retrofit business.

Sasao [Q]: Okay. Understood. Thank you for the details.

The next question I would like to ask is about the chain business. I think you mentioned in your full-year forecast that the tariffs are expected to have an impact of JPY700 million, but the situation in the US was that sales were good in the 1st half. Listening to your explanation about materials handling, I get the sense that

business conditions are challenging in some areas. Could you provide an update on customer sentiment regarding price negotiations to offset cost increases from tariffs, as well as demand trends centered on the US?

Nagai [A]: I, Nagai, will answer your question.

First, on the tariff issue, the actual impact is about JPY2 billion. Although a portion of the impact has been offset by the weak yen and our price-pass-through measures, there remains roughly 700 million yen that we were unable to recover through business activities. However, the products we compete with in the US market include many imports from China, and the impact from those is greater. Consequently, discussions are now emerging about major distributors and others reviewing their product portfolios. Based on the information we have now, we expect our products to increase a little more, although our profits have decreased.

Conversely, I believe this will significantly impact our competitors, leading to the business itself growing substantially. Furthermore, regarding the coupling company we acquired the year before last, while they have been managing the business largely on the strength of their sales capabilities, last year we integrated it into our sales channels. This expanded the market, and its sales have been steadily increasing as a result. We launched it in Japan as part of our global expansion strategy. Among the countries where it's being sold, sales in Australia are growing particularly well. Looking at the US market specifically, we believe the global growth of this coupling is expected to accelerate even further going forward.

Sasao [Q]: Thank you very much. Does the coupling company you just mentioned belong to the motion control segment?

Nagai [A]: Yes, motion control.

Sasao [Q]: Thank you very much. In the US as well, the timing is likely to be right for your company to gain an advantage over competitors. Thank you very much.

I'm sorry for taking up so much time, but I have one more question about mobility. I believe the tariff situation has also stabilized. I recall hearing earlier that the impact of tariffs on prices at the current stage is better than initially anticipated. On the demand side, have there been any changes in specific regions compared to your initial projections? Regarding the outlook for the 2nd half and into the next fiscal year, I'd appreciate any insights you could share on the current situation to help me gauge how much I can expect from the automotive sector.

Sato [A]: I, Sato, will answer your question.

Battery EVs have, as expected, cooled off significantly, and demand is now shifting toward new electric vehicles centered on plug-in hybrids. This is a global trend, with production increases in the US being particularly significant. Our subsidiary, US Tsubaki, is performing exceptionally well in sales. Rather, production is struggling to keep up, and in response, we are currently providing various forms of manufacturing support, including from Japan. We anticipate this situation will continue for some time—through the 2nd half and into the next fiscal year and beyond.

Globally, while Europe has seen a slight economic downturn, the newly acquired Stellantis project has entered full-scale production and is contributing significantly to sales. From our perspective, performance remains very strong in regions outside of China.

However, regarding profits, while the issue of US tariffs mentioned earlier has been heavily highlighted, fortunately, most automakers have been paying the tariffs. Therefore, for our mobility business, we anticipate the impact will be significantly smaller than initially projected, rather than being as substantial as initially

expected. In the 2nd half, another US manufacturer has promised to pay us retroactively, so we do not expect a major impact for the entire fiscal year. That is all.

Sasao [Q]: Thank you very much. May I ask one more question? I've learned a great deal about agribusiness, so I have a few additional points I'd like to clarify. I apologize for my lack of knowledge, but you mentioned that your new factory with high production capacity is now fully operational. Since you already have established sales channels for this facility, does this mean your business model involves increasing production? Or is it that you've positioned yourselves to begin production toward your company's plans, with the production capacity in place for the time being, aiming toward goals such as increasing that share or boosting sales? I would be glad to know how capital investment decisions are made in these business models.

Kimura [A]: This is Kimura. Agribusiness is under the direct control of the president, so allow me to explain.

As I explained earlier, the Mihama Plant in Fukui is committed to expanding its cultivation business and, through cultivation, to developing more automated and labor-saving equipment. These are the two concepts that we built.

I think your question falls into the former category, but in fact, almost 100% of what we produce at the Mihama Plant is lettuce, mainly for commercial use. As you know, lettuce for commercial use is a major concern for food service companies and restaurants, especially convenience stores, because they are extremely concerned about running out of lettuce. In the event of supply disruptions, this would cause inconvenience to everyone. Our subsidiary, VegyMove, which mainly produces lettuce for commercial use, was having a very difficult time in this area, so we built a very large 2.2-ton plant. In fact, a product manager from a major convenience store visited us at the completion ceremony, and was so relieved to see our factory today that he decided to place another order with us starting in December.

Three years ago, when we first devised this plan, we were already aware that supply was lagging behind demand. That's why we wanted to quickly establish a production system capable of meeting demand. It took two years, but we've finally achieved that. Looking ahead, whether it becomes a fourth or fifth plant remains to be seen, but we are considering building new factories and plan to expand sales accordingly. That is all.

Sasao [Q]: Thank you very much. So, regarding the FY2030 target, should we think of it the way you just described—as a sales scale that assumes we'll need to secure additional markets and make some capital investments?

Kimura [A]: Yes, that's right.

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

Moderator [M]: Next question. We are pleased to receive your question by text.

Participant [Q]: In your integrated report issued in mid-October, you commented that you would like to carry out fundamental reforms, including structural reforms and business reorganization, as the beginning of your mid-term plan. To the extent you are able to comment, please let us know what issues you are aware of and why you are making these comments.

Kimura [A]: To your point, our current mid-term management plan 2025 is the final year of the plan, and the next mid-term management plan is expected to be the mid-term plan targeting 2030. At this point, we are still in the final stages of our study, so I would like to refrain from discussing specifics here, but one point to consider is how the company-wide governance should take into account the fact that some business areas are strong and others, to be honest, are struggling relatively.

We have traditionally been divided vertically into four businesses, but from the customer's point of view, we need to determine whether or not this is really the best for the customer. In terms of human resource development, I am not sure if it is sufficient to fix our resources in each business unit alone. After carefully considering these various points, we are currently holding extensive discussions among directors and executive officers regarding the possibility of boldly reorganizing or even scaling back the four businesses, depending on the circumstances. We intend to announce this to everyone when the appropriate opportunity arises, so for today, we ask for your understanding on this matter.

Moderator [M]: Next is another question that we received via text.

Participant [Q]: Is there any additional impairment risk for the material handling business? What conditions might lead to additional impairment charges?

Akesaka [A]: Regarding the impairment risk in our materials handling business, this could affect our medium- to long-term outlook. In particular, there were some concerns in the North American operations. As Okamoto mentioned earlier, under the so-called Trump-tariffs, the situation remains uncertain. However, as that uncertainty begins to clear, we will revise our medium- to long-term outlook accordingly, and those concerns are easing somewhat. That said, as we aim for a recovery, we still need to proceed cautiously over the next few years to ensure we deliver solid results, while carefully managing the associated risks. That is all.

Moderator [M]: Continuing with the financial aspect, Mr. Akesaka, we now have an anonymous question.

Participant [A]: You have set a KPI of 8% ROE in the current mid-term plan, and although you exceeded the target in the fiscal year ending March 2025, the stock price is below 1x PBR. What is your awareness of the challenges in this regard? To the extent you are able to comment, what initiatives do you plan to take to achieve a P/B ratio of 1x or more?

Akesaka [A]: I will continue and answer that.

We are trying to achieve our ROE target through daily efforts and improvement of capital efficiency. In addition, with our current PER around 10 times—which is low—we aim to raise it toward the industry average and the overall market average, targeting 12 to 16 times, and ultimately achieve a PBR of 1.0. Naturally, we believe that the PER is largely driven by expectations for future growth. As President Kimura mentioned, we intend to address this point within the next medium-term management plan by demonstrating how we can foster expectations for future growth, including for businesses that are not particularly profitable. That is all.

Moderator [M]: Okay, we are running out of time, so we would like to accept one last question. We have also received this in a text. Questions about the chain business.

Questioner [Q]: With sales exceeding JPY100 billion this fiscal year, profits have decreased due to tariffs and other factors. Is it possible to increase profits in the next fiscal year?

Nagai [A]: I will answer your question. For the chain business, we are currently developing various strategies in accordance with the Mid-term Management Plan 2025. Moving forward, we are first focusing on realizing the benefits of our acquisition of Jungbluth in Europe by implementing cost reductions through factory improvements. Furthermore, we have launched a project to expand sales by leveraging this company, and specifically, we are seeing an increase in inquiries from customers beyond Jungbluth's existing user base. As for Europe, we will first expand sales by making the best use of our plant here.

Looking ahead to the next medium-term plan, tailored strategies are being developed for each sales region. The next step is to link these strategies with supply, manufacturing, and products, and begin executing them from the next fiscal year. In particular, for regions where we currently have little presence, such as India, we will first expand our dealer network as we work to grow the business there.

Efforts to develop new industries are progressing smoothly. In preparation for this in India, we are building our manufacturing system while also evaluating subcontractors. We also established a representative office in Africa, which has proven to be very effective. I recently visited, and it revealed markets we weren't fully aware of. Beyond South Africa, we identified potential in places we hadn't expected, such as Tunisia, Tanzania, and Kenya. Moving forward, we will continue developing and selling in these untapped regions, and we aim to further expand our global chain business. That is all.

Moderator [M]: This concludes the presentation of the financial results of Tsubakimoto Chain. Thank you very much for your participation today.

[END]