

TSUBAKI REPORT
2024
Integrated Report

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Editorial Policy

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

<https://tsubakimoto.com>

Forward-Looking Statements

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

Data Regarding Environmental and Social Initiatives

This report was prepared with reference to the Ministry of the Environment's Environmental Reporting Guidelines 2018 and Environmental Accounting Guidelines 2005, and the Global Reporting Initiative (GRI)'s Sustainability Reporting Standards. Reporting Period: April 1, 2023 to March 31, 2024 (includes some activities after the reporting period)

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

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Corporate Philosophy

As the Tsubaki Group's corporate philosophy, TSUBAKI SPIRIT is a representation and systematization of the "Tsubaki DNA" inherited from our forebears, and an expression of what the Tsubaki Group can offer to the world as well as the foundation for our values and what we must do going forward as part of our mission, aspiration, code of conduct, and founding philosophy.



Further Evolution in the Field of Motion

Founded in 1917, Tsubaki began as a small bicycle chain factory in Osaka. Since then, we have continuously produced products that have contributed to people's lives and the development of society. Today, we are a general manufacturer whose areas of business range from machine parts to systems. We have become a global company, operating in 26 countries and regions around the world. We will continue to increase our value as a manufacturer that brings about evolution in the field of motion so that we can continue to be a company that is needed by society.



Vision

To Create Innovation That Supports the Next Generation of Motion

We will not be satisfied with the growth we have achieved in our existing business domains; we will examine what issues society is facing, what kind of motion technology can contribute to solving those issues, and what lack of technology needs to be filled in order to do so, and challenge ourselves to create innovation that moves not only items but hearts. To realize Long-Term Vision 2030, we will actively invest in human resources, technology, and the environment to accelerate our transformation into a company that provides solutions to solve social issues.

Mid-Term Management Plan 2025

Action Plan for Realizing Long-Term Vision 2030

Strengthen profitability of existing businesses and position this period as a period for planting seeds for new growth to realize the long-term vision

Basic Policy

1. Create next-generation businesses that will enable sustainable growth
2. Further establish market position and strengthen profitability of existing businesses
3. Strengthen business foundation through manufacturing reform and enhanced human resource development
4. Strengthen ESG initiatives

Major Numerical Targets

Profitability	Net sales:	¥300 billion–¥320 billion
	Operating income ratio:	9%–11%
Capital efficiency	ROE:	8% or more
Shareholder returns	Dividend payout ratio:	35% or more*
ESG	Reduction of CO ₂ emissions:	Down 30% from FY2013 (Target: Domestic)
		Down 20% or more from FY2018 (Target: Overseas)

*Changed from "Based on 30%" to "35% or more" in FY2024

Seeding period for new growth

FY2021

FY2025
(plan)

Target sales:
¥500 billion

New growth

Expansion of business domains through development of new technologies, M&A, alliances, etc.

Innovative growth

Expansion of conventional business through innovative methods, including M&A

Organic growth

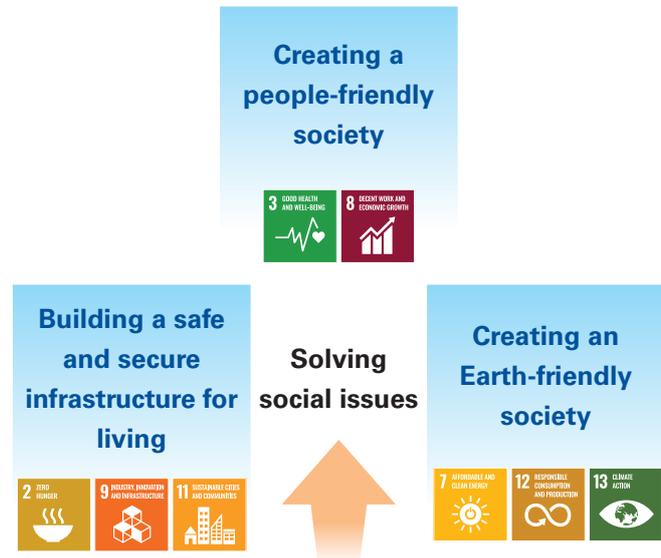
Growth that can be expected from existing initiatives

FY2030
 (plan)

Long-Term Vision 2030

Vision for Fiscal 2030 (Where We Want to Be)

We aim to become a corporate group that contributes to solving the following three social issues through Linked Automation technology.



Linked Automation

(A technology domain that is highly functional and highly automated)

Next-generation businesses that will enable sustainable growth

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

Speed Centric

—Constant Reform to Develop a New Age in the Field of Motion

We have achieved strong results in recent years, but we must still overcome many challenges to achieve what we want to be by 2030. We will continue to innovate as we resolve and overcome these issues by tackling them head on.

Three Consecutive Years of Increased Revenue and Profits—but Rapidly Executing Strategies is an Issue

Three years have passed since the start of our Mid-Term Management Plan 2025, which began in fiscal 2021. Consolidated results in fiscal 2020 were down significantly as the external environment changed due to factors such as the COVID-19 pandemic and geopolitical conflicts. However, we have had three straight years of recovery starting from fiscal 2021. In fiscal 2023, we recorded our highest ever consolidated net sales and our highest operating income since fiscal 2019. At the same time, our operating income ratio of 8.0% and ROE of 7.7% show that we are still on the road to full recovery. We are aware that we need to work even more rapidly to execute strategies such as strengthening profitability of existing businesses and planting seeds for new fields if we are to achieve our Long-Term Vision 2030.

Work to be Done in the Remaining Two Years of the Mid-Term Management Plan 2025

The Tsubaki Group has four main operations: Chain, Motion Control, Mobility and Materials Handling.

In the three years starting from fiscal 2021, both Chain Operations and Mobility Operations improved results beyond expectations, compensating for the slump experienced in the other two businesses.

While they are performing well, even our Chain Operations and Mobility Operations are not completely immune to issues. With Chain Operations, there is an

imbalance in market share in different countries and regions. It is essential that we resolve this while also continuing to further advance our manufacturing reforms. For Mobility Operations, we need to further expand our market share in timing chain systems for automobile engines, in which we are currently the global leader, while proceeding to launch a parts business for next-generation automobiles in parallel.

With Motion Control Operations, it is crucial that we enhance our resilience to economic fluctuations through measures such as accelerating the market introduction of new innovative product groups. In Materials Handling Operations, the launch of Nexa Ware Co. Ltd. in collaboration with KDDI Corporation is a trigger requiring an urgent shift to selling “ideas.”

All management personnel are aware of these numerous challenges, and we will take ownership as we engage in thorough discussions from the perspective of optimization across the entire Group, then formulate and implement measures.

On that basis, in the remaining two years of the Mid-Term Management Plan, we will implement expansion through measures such as establishing bases



Kenji Kose

Chairman and CEO,
Representative Director

to further bolster strong businesses and rationalizing investment to enhance profitability. At the same time, we will strategically enhance shareholder returns in consideration of capital efficiency. Specifically, we will increase our base consolidated dividend payout ratio from 30% to 35% or more while also being agile in buying back our shares. In parallel with these measures and with a shared sense of urgency, management has identified remaining management issues to consider as we formulate and refine our next Mid-Term Management Plan starting in fiscal 2026, on our way to realizing our Long-Term Vision 2030.

Becoming a Company Valued by Stakeholders

Under the Tsubaki Group's Long-Term Vision 2030, we aim to be a corporate group that contributes to solving the following three social issues: creating a people-friendly society, building a safe and secure infrastructure for living, and creating an Earth-friendly society.

To achieve this, we cannot be satisfied with where we are now. It is essential that we advance innovative growth and new fields. To that end, we must reform our

corporate culture through means such as strengthening our human capital as the basis for creating innovation and promoting further diversity. In terms of technical talent, in addition to working to expand mid-career hiring, we will actively strengthen cultivation of human resources through exchanges with external parties, including by dispatching employees to universities and companies.

We also intend to increase the ratio of employees with disabilities beyond the levels required by law. In addition to increasing employment opportunities for people with disabilities, by creating environments where people with disabilities can work with peace of mind, we are aiming to create workplaces where all employees can feel safe and secure, enabling them to leverage their full potential and help the Company grow.

The Tsubaki Group promotes the co-creation of value with all stakeholders, including customers, employees, shareholders, business partners and communities. By distributing the profits and other benefits born from this value creation appropriately, we strive to be a company that is valued by a wide range of stakeholders.

I hope that our stakeholders will continue to support and encourage us in future.

Bold Endeavors

*—Strong Action Towards Growth Investment and
Capital-Efficient Management*

To achieve the goals of our Mid-Term Management Plan 2025, realize our Long-Term Vision 2030, and enhance corporate value, we will be active and agile in taking on bold endeavors.

Accelerating the Strengthening of Our Growth Potential

Three years have passed since our Mid-Term Management Plan 2025 started in fiscal 2021. After reviewing the results of each business, what issues do you perceive?

Chain Operations

Chain Operations continued to grow in terms of both sales and profitability, achieving a high operating income ratio of 17.4% in fiscal 2023. Alongside Mobility Operations, Chain Operations is firmly fulfilling its role as a core business for the Tsubaki Group in terms of turning

our overall excellence in areas such as technical, product development and customization capabilities into competitiveness.

One issue faced by Chain Operations is supply capabilities. While several of our competitors have withdrawn from the business or reduced production, we have continued to receive numerous inquiries in the



Takatoshi Kimura

President and COO,
Representative Director

last three years. However, our analysis shows that delivery schedules prevented us from keeping up with demand and we could not fully capitalize on these opportunities. While we have resolved immediate supply issues partly due to stabilizing demand, we must also ensure that we do not follow the same path during the next cycle of demand increases.

The second issue to be faced is the discrepancies in market share between countries and regions. While we are the clear leader in the Japanese and North American markets, we have not yet fully established ourselves in new markets such as Europe and India.

With the aim of resolving the two aforementioned issues, we have started exploring possibilities for establishing new chain manufacturing bases in India after Europe. We are also accelerating automation and implementation of DX at all manufacturing bases with the aim of further improving productivity. At the same time, in addition to enhancing product appeal (including our core products) through measures such as developing next-generation roller chains, we will work to develop new environmentally-friendly products using recycled and biomass materials.

Motion Control Operations

In Motion Control Operations (hereinafter referred to as “MC Operations”), while results underwent notable improvement from fiscal 2021 to fiscal 2022, the operating income significantly declined to 2.9% in fiscal 2023. The reason for this was sluggish demand from the domestic Japanese industries that comprise our main customer base, including the machine tool and LCD/semiconductor industries, and escaping from this dependency on the domestic market and economic conditions is an urgent issue.

In MC Operations, speedy product development adapted to the unique needs of each market is needed. Our work to strengthen product appeal is starting to bear fruit, such as the adoption of our Arc Chain Actuator using zip chains developed in-house for equipment to open and close wing truck cargo compartments, and we will continue further efforts in this area. At the same time, we will also urgently expand into new overseas markets and grow our after-sales service business, reforming MC Operations to be a strong business that can respond to economic fluctuations.

Mobility Operations

Results for Mobility Operations have shown strong growth in the three years since fiscal 2021. In addition to the continued recovery of automobile manufacturing, our increased market share in timing chain systems for engines was one reason behind this.

In the automobile engine-oriented business, which is an existing business domain, demand to develop higher-performance systems for hybrid and plug-in vehicles is growing. With significant room for growth in sales, we are devoting energy to meeting this need and adding value through our products. In addition, while continuing to pass on increases in the cost of material and labor through prices, we will accelerate the use of DX to improve productivity and ensure reliable profits.

In parallel with the continued expansion of our existing business domains, we will accelerate efforts to obtain contracts in the next-generation automobile parts domain and move to mass production. Development of clutches and units for use in parking locks and switching between two-wheel drive and four-wheel drive is in the final stages, and we are nurturing them to become a second key pillar after timing chain systems.

Materials Handling Operations

Materials Handling Operations has seen two consecutive years of operating losses, starting in fiscal 2022. This is because, while our Bulk and Mayfran businesses were steady, our American subsidiary incurred losses due to management issues on a major project (an automobile conveyor system), and profitability for the Materials Handling Division in Japan was low.

At our American subsidiary, a new management structure has been put in place, and the disposition of losses relating to the unprofitable project has subsequently been completed. Under this new structure, we are focusing on profitability in our sales activities and successfully expanding our order intake.

In Japan, meanwhile, we are working to expand our system integration business from customers' perspectives. Specifically, we have established Nexa Ware Co. Ltd. as a new joint venture with KDDI Corporation with the aim of collaborating on new DX solutions for logistics. With this as a trigger, we will accelerate efforts to increase net sales and profitability in the Materials Handling Division. At the same time, we will also strengthen the overall structure of Materials Handling Operations by expanding our after-sales service business.

Speeding Up Efforts to Realize a Sustainable Society

Tell us about the sustainability strategies. The Long-Term Vision 2030 sets out the three social issues of creating a people-friendly society, building a safe and secure infrastructure for living, and creating an Earth-friendly society. What concrete actions are you taking to achieve this?

Accelerating Development of Sustainable Products and Endeavors to Launch New Businesses

Through our main businesses, we are accelerating development of products that can contribute to the resolution of three social issues. In addition to the efforts of each division, we are also taking on new businesses in various fields, such as agriculture, human assistance, regenerative medicine and power control systems. As part of the expansion of our agriculture business, we launched the fully-owned subsidiary Tsubaki VegyMove Co. in July 2024 and acquired the agriculture business of our business partner Kidaya Shoten Co., Ltd. Kidaya Shoten's plant factories have industry leading know-how relating to cultivation and a track record of sales. We will combine this with the automation system technology development functions of our agriculture business to rapidly create synergies.

While it will take time before these new businesses contribute to increasing Tsubaki's economic value, taking on these new frontiers is essential for our growth into an innovative collective that helps to resolve social issues. Above all, we see this as an effective way to activate the "Tsubaki DNA" of innovating and taking on challenges.

Accelerating Our Response to Climate Change

Reducing CO₂ emissions is an urgent issue. Tsubaki received SBT certification in 2023 and has raised its Scope 1 and Scope 2 CO₂ reduction targets to a 42% reduction by fiscal 2030 (from fiscal 2021). We are currently making strong progress, and are also actively investing in reforms to our industrial processes, including heat treatment processing, with the aim of reaching carbon neutrality in the future.

Increasing Investment in Human Capital and Enhancing Employee Engagement

Increasing investment in human capital and enhancing employee engagement are essential if we are to integrate and speed up our sustainability and growth strategies. We have advanced personnel system reforms, health and productivity management, working environment improvements and diversity promotion, and will focus on further investment in human capital under the next Mid-Term Management Plan.

Actively promoting investment in three areas for sustainable growth



New products / new businesses



Environment (carbon neutrality)



Human capital (human resource development and employee engagement)

Speeding Up Efforts to Enhance Value for Shareholders

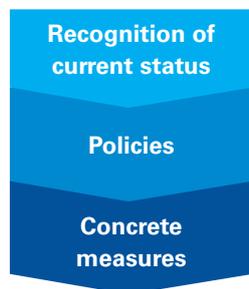
The share price has shown an upward trend in the past year, but the PBR remains below 1. Responding to this is another urgent issue. What are your thoughts?

In addition to investing in the three areas for sustainable growth that I described earlier, new products/new businesses, environment, and human capital, we will also enhance our capital efficiency in terms of our capital and financial strategies.

In terms of our regular dividend policy, we have decided to increase our consolidated dividend payout ratio from a base of 30% to at least 35%. We will also be agile in implementing measures such as buying back our shares while accelerating the reduction of cross-shareholdings. At the same time, we will also implement greater, faster information disclosure and promote more active dialogue with capital markets.



Initiatives for Realizing Sustainable Growth



- **PBR remains low; urgent improvement measures are required**

- **Promotion of speedy implementation of strategies listed in the Mid-Term Management Plan 2025, vitalization of investment in new businesses, and strengthening of shareholder returns**

- **Sustainable profit growth through implementation of growth strategy**
- **Strategic shareholder returns with a conscious focus on maintaining appropriate levels**

My Message to Stakeholders

To many, the Tsubaki Group may have a strong image as a solid company that lacks flashiness. This is partly because, despite the fact that we support motion in various areas of society, our products are seldom visible in everyday life.

In the approximately 50 years after its founding in 1917, Tsubaki grew from a manufacturer of chains for machinery to become a company providing comprehensive solutions supporting the field of motion in areas such as materials handling, motion control and mobility. This growth was built on a refusal to rest on our laurels and being constantly conscious of the need to transform ourselves and take on new challenges. Since my appointment as

President, I have focused on revitalizing this aspect of Tsubaki DNA. Failure is part of taking on challenges. Valuing the fostering of a culture that tolerates failure and in which everyone can take on the challenges of change is a foundation for growth, and I intend to take the lead in creating such a corporate culture.

I believe that the steady execution of our sustainability-linked growth strategy and increasing the speed of this execution are the missions that I have been given.

Working together with our stakeholders, we will aim to be a company that continues to enhance both social and economic value.

Interview with an Outside Director

Through our discussions at Board of Directors' meetings, we will support business model reform that responds to the changing business environment.



Keiichi Ando

Outside Director

Evaluating the Progress of the Mid-Term Management Plan 2025

The Tsubaki Group established its Long-Term Vision 2030 and Mid-Term Management Plan 2025 in 2021, and we have been actively working to expand and enhance the profitability of existing businesses and develop new businesses that contribute to the resolution of social issues. To reinforce our foundation in these areas, we have implemented manufacturing reform through advanced technologies and enhanced our human resource strategy. My evaluation of the past three years is that we have achieved reasonable results and made steady progress.

However, there is no shortage of issues to address. Specifically, in Chain Operations we must enhance our globally optimized production and sales systems, Mobility Operations requires the development of new products compatible with the shift to EVs, and we need to continue concerted efforts to enhance profitability in Materials Handling Operations and Motion Control Operations. In particular, while our entry into new business fields and creation of next-generation businesses (two core pillars of our Long-Term Vision 2030) are in the initial stages, the route to business creation, including M&A and business partnerships, still feels unclear.

In our human resources strategy, we are experiencing a global human resource shortage following the further expansion of our businesses in overseas markets, and we must continue active efforts to strengthen and cultivate talent. As a manufacturing company, it is also crucial that we work to strengthen our IT and DX human resources and strongly promote the development of new technologies and products.

In terms of our ESG initiatives, we have set out sustainability priority matters, established KPIs and implemented PDCA cycles. Through these efforts, we are making steady progress. We are also creating concrete implementation plans for our strategies and measures to ensure quality management and achieve carbon neutrality with the support of recommendations from Director Tanisho based on his experience in the manufacturing industry. We are also constantly monitoring the situation with regards to compliance and information security. In terms of diversity, including the advancement of women, Director Kitayama is providing timely advice as we work to promote diversity among our pool of human resources. With regards to corporate governance, I believe that we are demonstrating awareness of capital

cost and making reasonable progress in measures based on this awareness, including increasing our dividend

payout ratio, buying back our own shares, splitting stock, and reducing cross-shareholdings.

Issues to Overcome in Realizing Our Long-Term Vision 2030

To achieve the goals of our Mid-Term Management Plan 2025 in the remaining two years, the highest priority must be reviewing and enhancing the profitability of unprofitable businesses and those with low profitability. Returning Materials Handling Operations to profitability and enhancing the profitability of Motion Control Operations is an urgent issue. Reviewing our business portfolio has been repeatedly discussed at Board of Directors' meetings, and I have expressed the opinion that tightening withdrawal criteria is necessary. In this regard, the fact that we have added ROIC for each division to our decision-making metrics starting in 2024 represents a step forward.

The creation of new businesses is another major issue to address. While the current Mid-Term Management Plan is positioned as a time for planting the seeds of new businesses, I want to see us aiming to create businesses quickly in fields where we already have projects in motion, such as human assistance, power control systems, e-mobility and the agriculture business. In particular, I expect big things from the system integration (warehouse automation DX solutions) business that we have started in collaboration with KDDI Corporation.

To secure the resources for growth investment, we must expand the global market share of our existing

businesses and enhance profitability through improved productivity.

From a more long-term perspective, the biggest issue we face is cultivating new core businesses in light of the fact that the trend towards the electrification of automobiles will have a significant impact on the Company, particularly in Mobility Operations. In addition, for the further growth of our existing businesses, it is crucial that we construct global production systems and supply chains, invest in research and development to create new technologies and products, and make strategic investments in human resources, including enhancing our IT and DX human resources. Furthermore, to realize carbon neutrality, we must review heat treatment processing in our chain manufacturing, which accounts for a large amount of our current CO₂ emissions. I look forward to seeing active investment that leads to innovation.

At the same time, considering the progress we have made in new business cultivation, I believe that we should also more actively explore M&A and business partnerships. We have sufficient cash for growth investment, and M&A could prove effective in terms of strengthening existing businesses and cultivating new core businesses through the technologies and human resources that are acquired along with the business itself.

Strengthening Corporate Governance

As a company that provides solutions beyond the boundaries of manufacturing, I want to see us share the corporate philosophy of Tsubaki Spirit and the Long-Term Vision 2030 across the Tsubaki Group, realize sustainable growth and enhance medium- to long-term economic and social value, thereby earning trust and exceeding the expectations of various stakeholders and society at large.

To do this, it is important that we further enhance the decision-making and supervisory functions of the Board of Directors, the transparency and fairness of decision-making processes, and accountability. While the Board of Directors has already achieved high levels of effectiveness, we remain committed to proactively supporting strategy execution through continued active

discussions covering diverse perspectives, together with swift, decisive decision-making.

We will also continue monitoring to ensure the steady implementation of strategies and plans from our Long-Term Vision 2030, review our Mid-Term Management Plan in consideration of changes in the environment around us, and strongly promote business model reform. Finally, through the work of the Nomination and Remuneration Committee, we will continue to select management candidates, then create and implement succession plans to cultivate the next generation of managers.

Message from the Officer Overseeing Financial Affairs

In order to achieve the goal of 8% or greater ROE that we set in the Mid-Term Management Plan 2025, we are working to condense our balance sheet while actively investing in new products / new businesses, the environment, and human capital.

Yasuhiro Akesaka

Senior Executive Officer
Finance & Accounting,
Corporate Planning



Mid-Term Management Plan 2025: Reflecting on the Last Three Years

From fiscal 2021 to fiscal 2023, we succeeded in increasing our consolidated net sales and operating income. In fiscal 2023, we recorded our highest ever consolidated net sales and our highest operating income since fiscal 2019.

While the global economic recovery and weak yen have provided us with a tailwind, inflation and difficulties in procurement of materials have held us back, so overall these three years have been difficult to navigate. Growth in our Chain Operations and Mobility Operations drove overall growth of the Group's sales and profits. This was due to the expansion of our global product share in industrial chains and timing chain systems for automobile engines and offsetting of cost increases.

However, for three of the core numerical targets for fiscal 2025—net sales, operating income ratio, and

ROE—our results for fiscal 2023 fell short of the targets. To achieve our targets, we urgently need to redouble our efforts to achieve sustained growth of our Chain Operations and Mobility Operations and improve the profitability of our Motion Control Operations and Materials Handling Operations. We will execute strategies in these areas with greater speed.

Results for Fiscal 2023 and Targets in Mid-Term Management Plan 2025

	Result for FY2023	Target for FY2025
Net sales	¥266.8 billion	¥300-320 billion
Operating income ratio	8.0%	9-11%
ROE	7.7%	8% or more
Payout ratio	31.3%	35% or more*

*Changed from a base of 30% to 35% or more in FY2024

Financial Capital Strategies to Achieve Our Long-Term Vision 2030

In addition to rapidly executing our business strategies, we are also increasing capital efficiency as a financial capital strategy.

The Company has had net-zero debt for three consecutive years since fiscal 2021, and its balance for cash and cash equivalents at the end of fiscal 2023 totaled ¥74.6 billion, exceeding the requirement of ¥50.0 billion in the Mid-Term Management Plan 2025, which is the minimum necessary cash deposits equivalent to 2 months' sales.

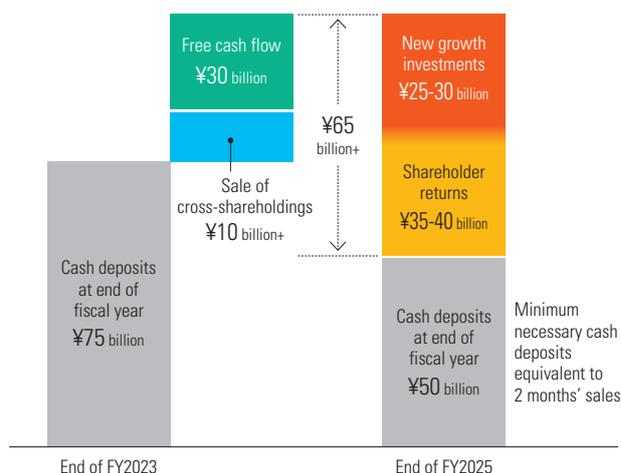
In light of these conditions, from fiscal 2024 we have increased our regular dividend policy from a base consolidated payout ratio of 30% to a payout ratio of at least 35%. We are also making even more active efforts to provide returns to our shareholders through flexible capital strategies such as acquisition of treasury stock. We are also selling cross-shareholdings to condense our balance sheet.

In medium- to long-term initiatives with a view to the next Mid-Term Management Plan (from fiscal 2026), we are continuing and strengthening our investments in three

areas: new products/new businesses, the environment (carbon neutrality), and human capital (cultivation of human resources and employee engagement).

To achieve our Long-Term Vision 2030, we will accelerate the execution of strategies from both a business perspective and a financial/capital perspective.

Cash Allocation During the Mid-Term Management Plan 2025 (image)



Message from the Officer Overseeing Sustainability Promotion

We will foster the development of systems to enhance both social and economic value through CSV (Creating Shared Value) and actively work to reduce CO₂ emissions throughout our entire supply chain.

Nobuaki Haga

Senior Executive Officer
Sustainability Promotion



Mid-Term Management Plan 2025: Reflecting on the Last Three Years

We have strengthened our framework for promoting sustainability since fiscal 2021. Specifically, in January 2022 we established our Sustainability Committee, which is chaired by our COO and meets three times a year. They also report to our Board of Directors twice a year under our PDCA-based management system. The Board of Directors is increasingly providing opinions, not only on how we should respond to requests from society but on matters such as which areas of our operations need to be strengthened in order to achieve our vision. As a result, principles on sustainability are becoming entrenched

throughout our business activities.

Steady progress is also being made in our activities to combat climate change. In 2022, we announced our endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) and began purchasing carbon-free power with non-fossil certificates. In addition, in fiscal 2023, we increased our targets for reducing greenhouse gas emissions, acquired SBT* certification, and introduced an internal carbon pricing (ICP) system.

*SBT (Science Based Targets) are greenhouse gas emission reduction targets that are in line with the goal of the Paris Agreement of limiting the global temperature rise to 2°C (1.5°C).

Sustainability Strategies to Achieve Our Long-Term Vision 2030

The Group aims to contribute to solving social issues, and is dedicated to three main endeavors.

The first is the revision of our Sustainability Priority Matters and associated KPIs from a global perspective. The needs of society are constantly changing. As we identify material issues and establish KPIs and metrics for achieving them, we will more closely evaluate risks and opportunities associated with the characteristics of each of our businesses from a global perspective so that our assessments are more aligned with the expansion of the Company's social and economic value.

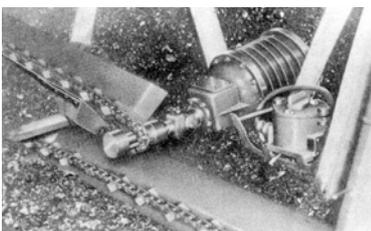
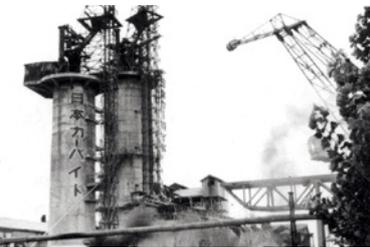
The second endeavor is establishing a CSV-oriented management system. As I mentioned earlier, we have a CSR-oriented management system in place, but CSV has thus far taken the form of development of sustainable products in multiple departments including our business divisions, and as a result, the Company does not yet have adequate systems for Companywide judgments on the degree to which each product will contribute to increasing our social and economic value. To ensure that we can commence PDCA cycles from fiscal 2026, when the next Mid-Term Management Plan will begin, we will deliberate on our vision with our Corporate Planning Department, New Business Development Center, Research & Development Center, and each division.

Our third endeavor is reducing our CO₂ emissions according to SBT targets. For Scope 1 and 2, our Chain Operations and Mobility Operations produce large volumes of emissions, so we are focusing on activities to reduce CO₂ emissions in these areas, particularly at our overseas plants. In the medium term, we are promoting decarbonization of our heat treatment processes, which will greatly reduce our Scope 1 emissions. For Scope 3, in addition to continuing to work together with our major suppliers to reduce Category 1 emissions, we will tackle our greatest issue, Category 11, by strategically expanding our Eco products to reduce emissions. We will revise the content of our TCFD disclosures (amendment planned during fiscal 2024) and work together with each division to ensure that our initiatives are acceptable and effective.

	Category	KPIs
Sustainable products	Eco products	<ul style="list-style-type: none"> Ratio of net sales Reduction of CO₂ emissions Contribution to reduction of CO₂ emissions, etc.
	Products that contribute to the realization of a recycling-oriented society	<ul style="list-style-type: none"> Ratio of net sales Recycling rate, etc.
	Social products	<ul style="list-style-type: none"> Ratio of net sales

Value Creation History

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

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

1985 Onward

Expansion of Overseas Production

Selection and Concentration

Building a Global Production System in a Drastically Changing Global Economy

1986

Tsubaki purchased an American industrial chain manufacturer and began production in the USA.

In 1989, we also began producing timing chains there, which led to us later expanding our global share.

2000 Onward

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



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



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

2010 Onward

Building of Optimized Production Systems and Expansion of Global Share

Strengthening CSV Product Development in Response to Diversifying Social Needs

2010 Onward

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

2011

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



Bucket elevator for biomass power plants (2016)



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

2020 Onward

New Business Endeavors for the Next Generation

Enhancing Our Efforts to Tackle Social Challenges

2021

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

2022

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

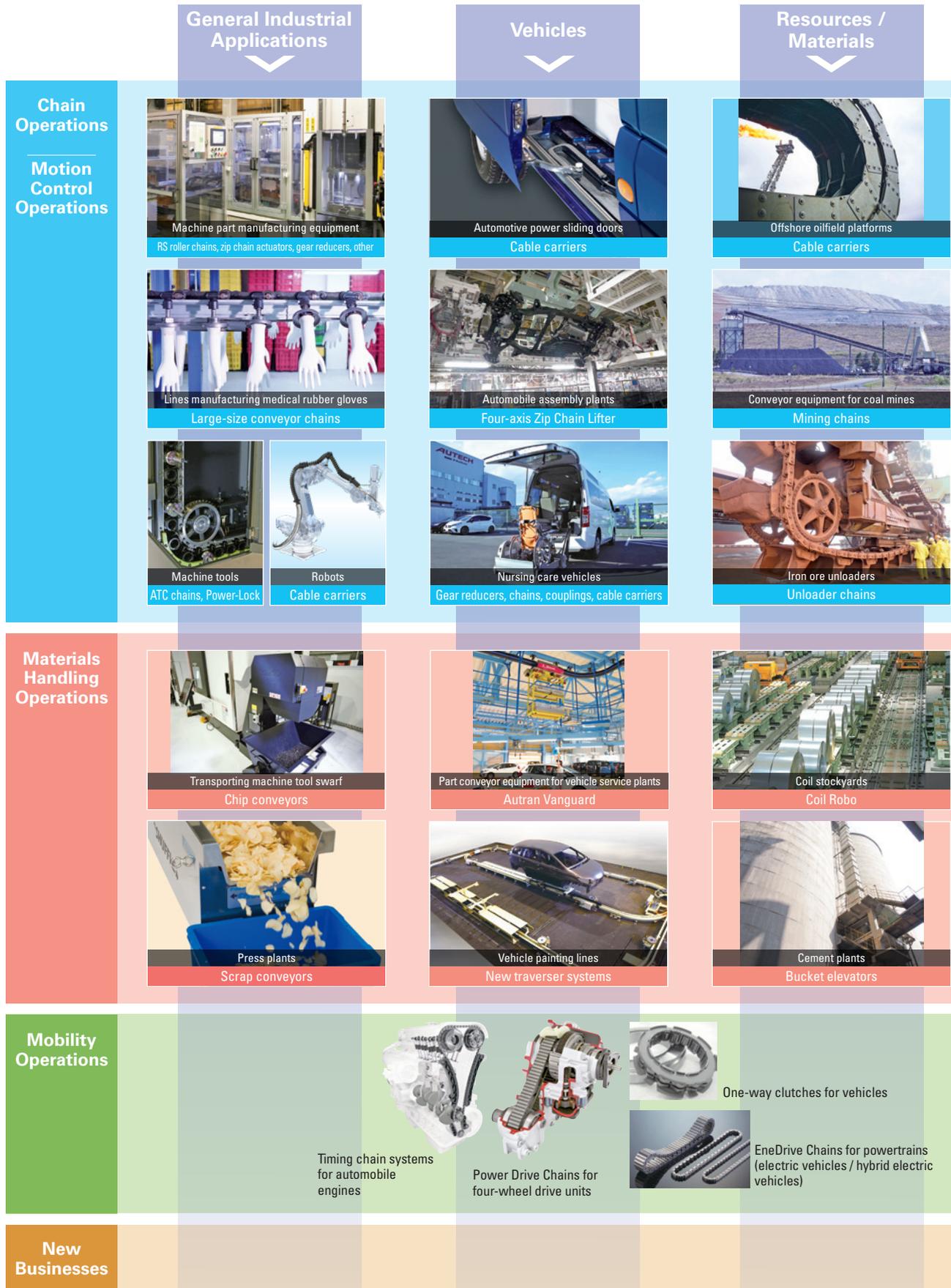


T-Carry System, a handling and sorting system using small AGVs (2020)



Automated equipment for indoor farming systems

CSV Products and New Businesses by Customer Segment and Industry



Food /
Medical Care



Sorting machines for apple processing plants
Small-size conveyor chains



Beverage plants
Plastic top chains



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



Automatic handling system for plant factories
Autran Vanguard



Regenerative medicine, etc.
LaboStocker



Equipment for automated PCR testing



Plant factories
Automatic seedling transplanter unit

Infrastructure /
Environment



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



Waterproof doors for subways and disaster prevention
Zip chain units



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



Floodgates
Cable carriers



Biomass power plants
Bucket elevators, flow conveyors



Desulfurization and denitrification devices (steel plants)
Bucket elevators



DX solutions for manufacturing
FabriKonec

Consumer /
Entertainment Facilities



Claw crane arcade games
Cable carriers



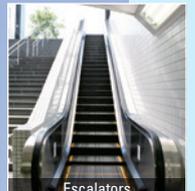
Conveyors for conveyor belt sushi restaurants
Plastic top chains



Devices for opening and closing stadium roofs
Steel cable carrier system



Stage elevator equipment
Zip Chain Lifter



Escalators
Step chains



Mail-order shopping distribution systems
QuickSort



Bond document management systems
Security Stocker



Newspaper printing plants
Paper-feeding AGV



Mail-order shopping distribution systems
Shipping system using small AGVs

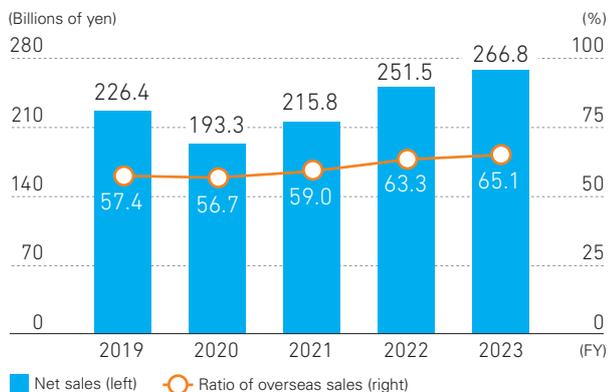


V2X bi-directional EV charging systems
eLINK

Track Record in Value Creation (Financial and Non-Financial Highlights)

The Tsubaki Group will simultaneously expand its financial and non-financial value by increasing the added value of the products it offers through technological innovation while proactively promoting non-financial activities, such as reducing its environmental impact and establishing a favorable working environment.

Net Sales / Ratio of Overseas Sales



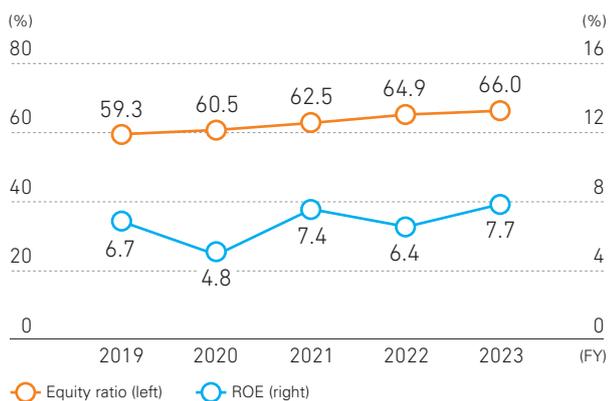
The economic recovery, weak yen and increase in market share for our leading global products saw an ongoing increase in overseas sales, particularly in the Americas, Europe, and Indian Ocean Rim.

Operating Income / Operating Income Ratio



While the increase in material and energy costs leveled off, labor costs increased. Factors that threatened profits were offset by increases in product prices and productivity and our operating income ratio improved.

Equity Ratio / ROE



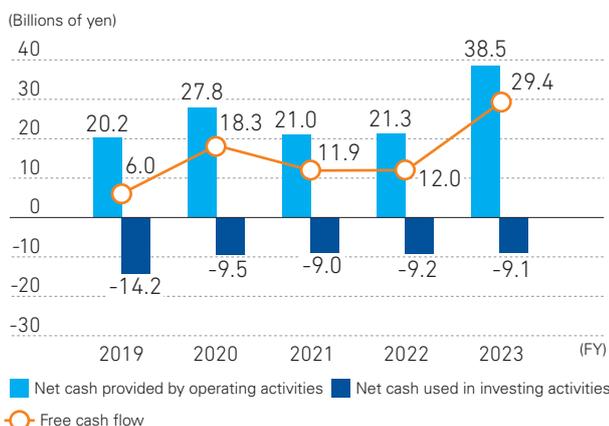
Our equity ratio increased due to factors such as a decrease in interest-bearing debt. ROE increased by 1.3 points year-on-year to 7.7% due to an increase in profit attributable to owners of the parent.

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



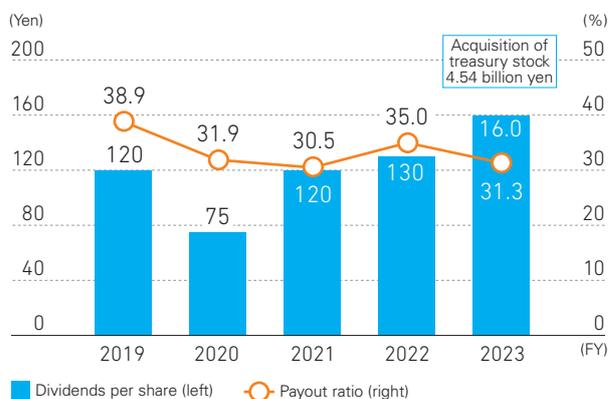
While growth investments continued, cash and cash equivalents at the end of the year increased. We have had net zero debt since fiscal 2020.

Cash Flows



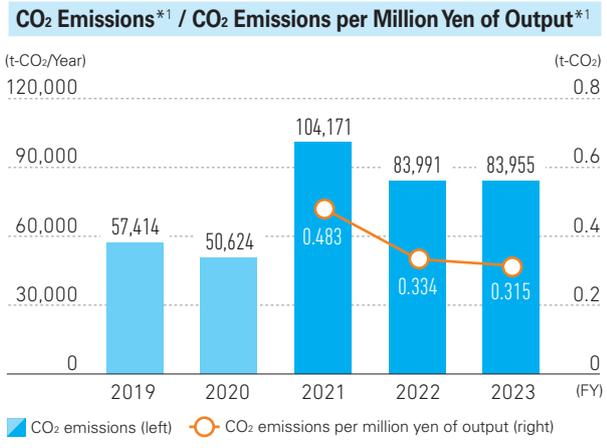
Operating cash flow of around 80.9 billion yen has been generated in the three years since Mid-Term Management Plan 2025 began in fiscal 2021. Free cash flow has continued to increase.

Dividends per Share / Payout Ratio / Acquisition of Treasury Stock

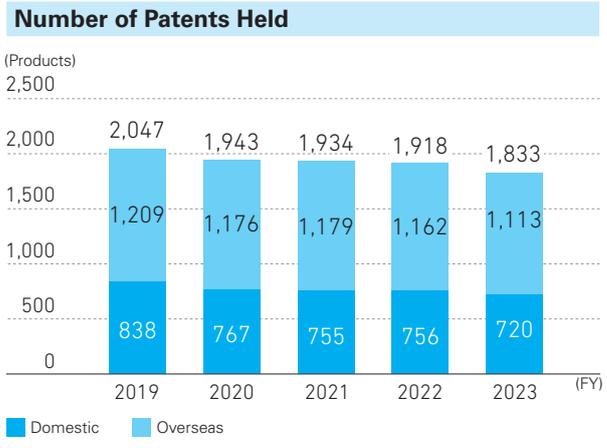


The Company has maintained a dividend payout ratio of over 30%. We have been actively acquiring treasury stock since fiscal 2023.

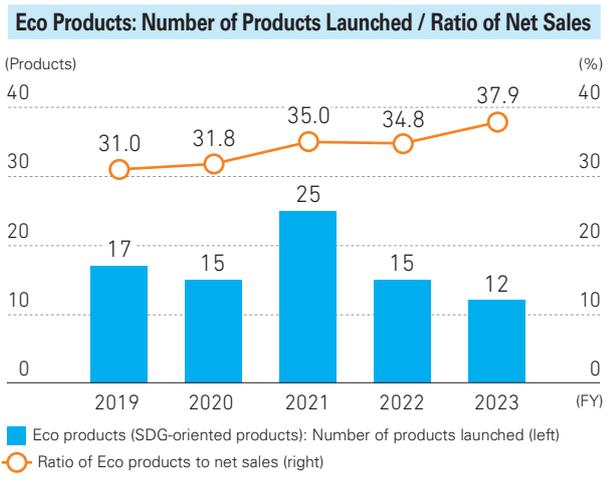
*1 With the acquisition of SBT (Science Based Targets) are greenhouse gas emission reduction targets that are in line with the goal of the Paris Agreement of limiting the global temperature rise to 2°C (1.5°C). certification, we switched to consolidated figures from fiscal 2021 (figures for fiscal 2019 to 2020 are for the Group's 11 major manufacturing bases in Japan.)
 *2 Frequency of industrial accidents = Number of accidents leading to work stoppages ÷ Total number of hours worked × 1,000,000



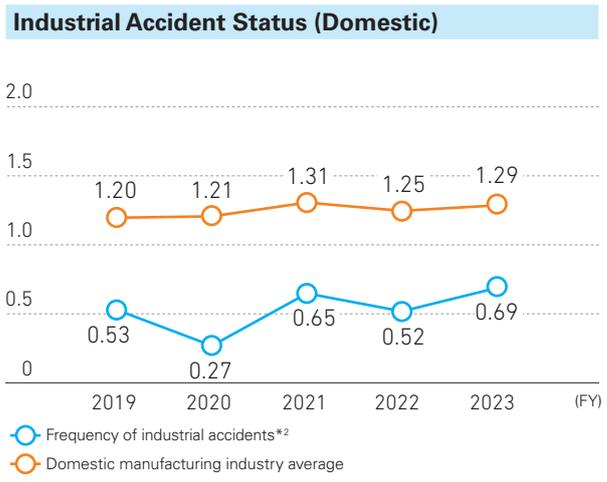
Despite production increasing both in Japan and overseas, CO₂ emissions per million yen of output decreased slightly as a result of concerted efforts on measures such as purchasing of zero-carbon electricity and various energy saving activities.



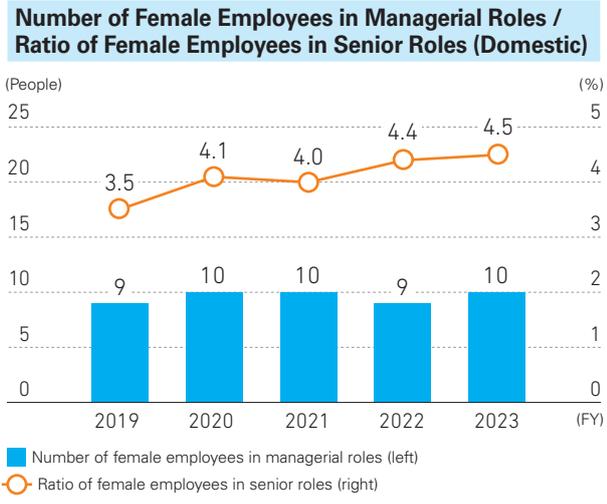
The intellectual property division and related divisions cooperate to carry out patent application and acquisition activities. These divisions promote activities to raise awareness of and establish intellectual property activities among engineers, such as holding intellectual property training.



The number of new products registered decreased due to a decrease in the number of products launched, but their ratio of net sales remains strong due to factors such as an increase in Motion Control Eco products.



In fiscal 2023, based on the three pillars of preventing serious accidents, machinery safety, and developing safety-oriented personnel, we conducted Risk Experience Training aimed at improving employees' awareness of risk, with the additional goal of cultivating new workplace leaders.



In addition to strengthening recruitment activities to increase the ratio of female employees, we worked on measures to appoint female employees in senior roles, such as creating promotion opportunities for all excellent employees, regardless of gender.



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

Tsubaki's Value Creation Process

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

External Environment and Corporate Philosophy

INPUT

Changes in External Environment That Need to Be Addressed

Climate change

Recycling-oriented society/
safe and secure society

Aging population/labor shortages

Human rights issues

Diversification of individual values

More active visualization of
management/disclosure of information

TSUBAKI SPIRIT

TSUBAKI's Mission

Advance the "art of moving"
beyond expectations

TSUBAKI's Aspiration

Mozukuri specialists taking
the craft of manufacturing to
new heights

Capital Inputs

(As of March 31, 2024)



Financial Capital

Net-zero debt and excess liquidity in hand

Net D/E ratio: -0.18 times (net-zero debt)



Manufactured Capital

Number of manufacturing companies

10 in Japan and 36 overseas



Intellectual Capital

Number of patents held

1,833



Human Capital

Number of employees

8,750 (51% overseas)



Social and Relationship Capital

Global bases

83 companies in 26 countries and regions



Natural Capital

CO₂ emissions reduction

19.4% (from FY2021)

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



Risks and Opportunities Arising from Changes in the External Environment and ESG Issues Being Addressed

Amid a rapidly changing external environment and increasing uncertainties, the Tsubaki Group is promoting a range of initiatives to minimize derived risks and accurately and quickly understand growth opportunities.

Key Changes in the External Environment	Tsubaki's Understanding of Risks and Opportunities
<div style="display: flex; align-items: center;"> <div style="background-color: #4CAF50; color: white; padding: 10px; font-weight: bold; font-size: 2em; margin-right: 10px;">E</div> <div style="background-color: #e0f2f1; padding: 10px; border: 1px solid #ccc;"> <p style="text-align: center; font-weight: bold; font-size: 1.2em;">Environmental</p> <div style="border: 1px solid #ccc; padding: 5px; margin: 5px 0;">Climate change</div> <div style="border: 1px solid #ccc; padding: 5px; margin: 5px 0;">Recycling-oriented society</div> </div> </div>	<ul style="list-style-type: none"> ● Global environmental issues are a concern for the whole world and constitute a major risk. In addition to threatening the existence of the Group's businesses, these issues could also bring about higher costs in a number of ways. Through initiatives aimed at global environmental conservation, we will contribute to mitigating these issues while tackling them as a means to fulfill our social responsibility. ● Sustainable products (Eco products) that contribute to energy saving and reducing CO₂ emissions are the source of Tsubaki's competitiveness. We will aim to simultaneously increase our social and economic value by enhancing the development of these high value-added products.
<div style="display: flex; align-items: center;"> <div style="background-color: #00bcd4; color: white; padding: 10px; font-weight: bold; font-size: 2em; margin-right: 10px;">S</div> <div style="background-color: #e0f2f1; padding: 10px; border: 1px solid #ccc;"> <p style="text-align: center; font-weight: bold; font-size: 1.2em;">Social</p> <div style="border: 1px solid #ccc; padding: 5px; margin: 5px 0;">Declining birthrate/aging population/labor shortages</div> <div style="border: 1px solid #ccc; padding: 5px; margin: 5px 0;">Diversifying work styles</div> <div style="border: 1px solid #ccc; padding: 5px; margin: 5px 0;">Human rights</div> <div style="border: 1px solid #ccc; padding: 5px; margin: 5px 0;">Increasing safety and security awareness</div> </div> </div>	<ul style="list-style-type: none"> ● Labor shortages pose a major risk to the continuity of Tsubaki's businesses. We will secure the necessary human resources to avoid this risk by taking proactive steps that include respecting human rights, promoting diversity, and creating safe, secure, and comfortable working environments. In this way, we aim to convert this risk into a growth opportunity by strengthening human resources as a foundation for sustainable growth. ● Tsubaki specializes in products for labor saving and automation. The increase in awareness of labor shortages, health, safety, and security constitutes a major growth opportunity that will lead to an expansion of demand for such products.
<div style="display: flex; align-items: center;"> <div style="background-color: #3f51b5; color: white; padding: 10px; font-weight: bold; font-size: 2em; margin-right: 10px;">G</div> <div style="background-color: #e0f2f1; padding: 10px; border: 1px solid #ccc;"> <p style="text-align: center; font-weight: bold; font-size: 1.2em;">Governance</p> <div style="border: 1px solid #ccc; padding: 5px; margin: 5px 0;">Rapid changes in external environment and increasing uncertainties</div> <div style="border: 1px solid #ccc; padding: 5px; margin: 5px 0;">Stricter corporate governance and compliance</div> </div> </div>	<ul style="list-style-type: none"> ● As the business environment changes dramatically and uncertainties increase, Tsubaki must put in place a structure for swift strategy planning and business execution and implement strict risk management if it is to achieve sustainable growth. Also, given that compliance misconduct seriously impacts a company's business continuity potential and viability, the Company believes that promoting initiatives to eliminate misconduct and mitigate risks is of the utmost importance. ● Increasing management visualization will help Tsubaki win public trust, while leveraging external knowledge in its management will serve as the driving force that strengthens its growth potential.

*1 The CDP (Carbon Disclosure Project) runs the global information disclosure system for investors, companies, countries, regions and cities to manage their environmental impacts.
 *2 TCFD (The Task Force on Climate-related Financial Disclosures) is an abbreviation for the task force that analyzes the impact of climate change on a company's finances from both risk and business opportunity perspectives, and formulates strategies and risk management plans that companies should adopt.
 *3 SBT are greenhouse gas emission reduction targets that are in line with the goal of the Paris Agreement of limiting global temperature rise to 2°C (1.5°C).
 *4 Scope 1: Direct emissions of greenhouse gases by the business operator itself (fuel combustion, production processes). Scope 2: Indirect emissions associated with the use of electricity, heat, and steam supplied by other companies.
 *5 Scope 3: Indirect emissions other than Scope 1 and Scope 2 (emissions of other companies related to the activities of the business operator).
 The Tsubaki Group's SBT certification will cover greenhouse gas emissions in activities related to purchased products and services, as well as use of products sold.

Tsubaki's Initiatives and Challenges

- Compliance with global disclosure requirements, such as CDP*¹ and TCFD*²
- Revision of long-term CO₂ emission reduction targets in line with SBT*³ certification (FY2030 reduction targets: 42% reduction vs. FY2021 for Scope 1 + 2*⁴, 25% reduction in Categories 1 and 11 vs. FY2021 for Scope 3*⁵)
- Promoting a switch to energy-saving production methods, an expansion of energy-saving equipment such as solar power generation, and the purchase of renewable energy
- Alongside reducing CO₂ emissions, advancing the reduction and reuse of waste, water consumed, and hazardous substances as well as the greening of factories
- Horizontal expansion of the aforementioned initiatives to overseas group companies
- As we work to create and expand sales of sustainable products (Eco products which make environmental contributions and Social products which make social contributions) to solve social issues, we are tracking progress and deliberating on effective KPIs to quantify the environmental and social contributions made by these products

- Promoting a variety of measures to help foster an entrepreneurial mindset among employees and enhance their engagement
- Increasing the ratio of female employees and encouraging their appointment to management positions as part of efforts to promote diversity
- Promoting health management that includes employees and their families from the two areas of individual health and organizational health; recognized as the 2024 Certified KENKO Investment for Health Outstanding Organizations
- Strengthening the passing on of technologies and skills by leveraging the Tsubaki Techno School, Tsubaki's original program, and expanding human resource cultivation programs based on the Companywide educational system to all job categories. Implementing the global trainee system and carrying out overseas foreign language training for new employees with the aim of realizing the early development of globally minded human resources
- Promoting the development and sales expansion of sustainable products (Eco Products) that contribute to labor saving, automation, and the establishment of safe and secure infrastructure for living, and monitoring their progress using KPIs
- Conducting due diligence and supply chain risk assessments under the Basic Human Rights Policy

- Established Nomination and Remuneration Committee chaired by an outside director as a voluntary advisory body for the Board of Directors
- Clarified the responsibility of directors for improving corporate value and promoted improvement of motivation through measures such as the introduction of a stock-based compensation plan for internal directors and executive officers (excluding non-residents)
- With outside directors accounting for 50% of all directors as of June 30, 2024, the ratio of outside directors is in line with the level called for in the Corporate Governance Code
- Enhancing the effectiveness of the governance system and strengthening the global risk management system
- Continuously strengthening initiatives designed to prevent and mitigate risks
- Continuously carrying out awareness activities for employees in order to ensure thorough compliance with laws and regulations. Setting up a whistleblower system under the Corporate Ethics Helpline Rules, with a dedicated section within the Company and an outside legal counsel retained by the Company, both of which accept anonymous reporting
- Establishing a Sustainability Committee chaired by the COO and systematically managing ESG-related activity policies and key themes for the Group as a whole

Technology and Human Resources Will Drive Our Transformation Accelerating Tsubaki's Value Creation

We will shift from machine parts to systems, and add the intangible to the tangible. It is our technology and human resources that will support and drive our transformation.

It will take time and consistent effort, but Tsubaki is working steadily and quickly to strengthen its capability for value creation.

1 More Competitive Technology

The Tsubaki Group is continuously strengthening its technical capabilities to fulfill our goal of "Contributing to solving social issues" that we announced in our Long-Term Vision 2030.

Roles of the Research & Development Center

The roles of the Tsubaki Group's Research & Development Center are creation of new technology, technical development, intellectual property strategies, and co-creation within the Group. In addition to

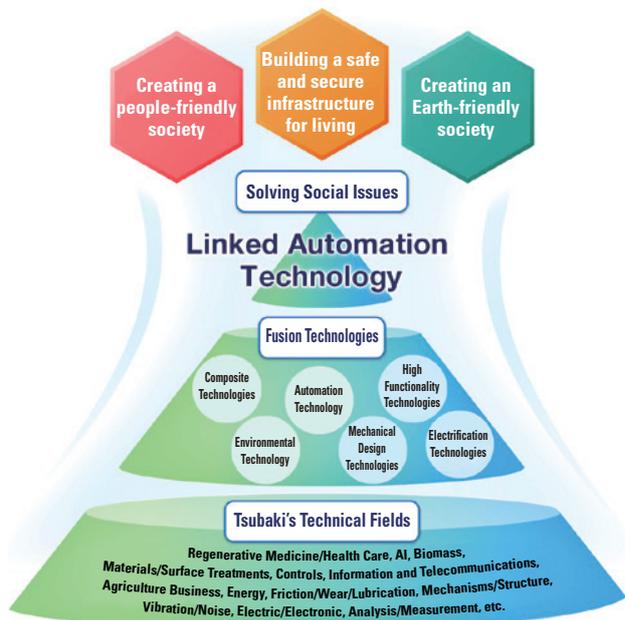
endeavoring to strengthen our technologies that demonstrate Tsubaki's technical superiority, we will combine them with the latest technology to create technology that provides new value for society.

Research and Development of Fusion Technologies With a View to the Next Generation

As a manufacturing company, we are working on research and development of fusion technologies to strengthen and expand our areas of technology with a view to the next generation. We aim to contribute to solving social issues by integrating our own technologies with cutting-edge technologies in which we have technological superiority.

To carry out technical development that is both more strategic and more advanced, our Research & Development Center is organized according to each area of technology we handle. We established an Electrification Development Department, which handles technical areas such as electrical and electronic engineering, ICT, and controls, a Mechanization & Material Development Department, which handles technical areas such as mechanical technology and metal materials technology, and a Development Management Section and Intellectual Property Strategies Section. In fiscal 2023, we established a new Development and Planning Department to serve as a control tower for these departments/sections and

develop strategies to strengthen the Tsubaki Group's overall value creation capabilities.





Challenging the Creation of New Technology and Technical Development

Fusion technologies will be essential for Tsubaki as we assess major social issues and develop innovations that will decisively solve them. With the technology we have developed thus far as our base, we will combine proprietary

technology that demonstrates our technical superiority with technology that will be needed in the future as we work on creation of new technology and technical development to contribute to solving social issues.

Technologies that Demonstrate Our Competitive Edge

Mechanical Design Technologies	High Functionality Technologies	Electrification Technologies
Design technologies for machinery and mechanisms that need to be highly reliable, such as wrapping transmissions and parts and units for automobiles. We promote the development of technologies that form the foundation of our business as a machinery manufacturer.	In addition to materials technologies that provide high functionality and high reliability, such as those used in chain and mobility products, we are developing technologies to create high functionality Tsubaki products.	Control technologies for drive components such as motors and systematized applications. Our products meet a wide range of customers' needs, from parts and units to entire systems.

Technologies Required to Solve Issues in Society (cutting-edge technologies)

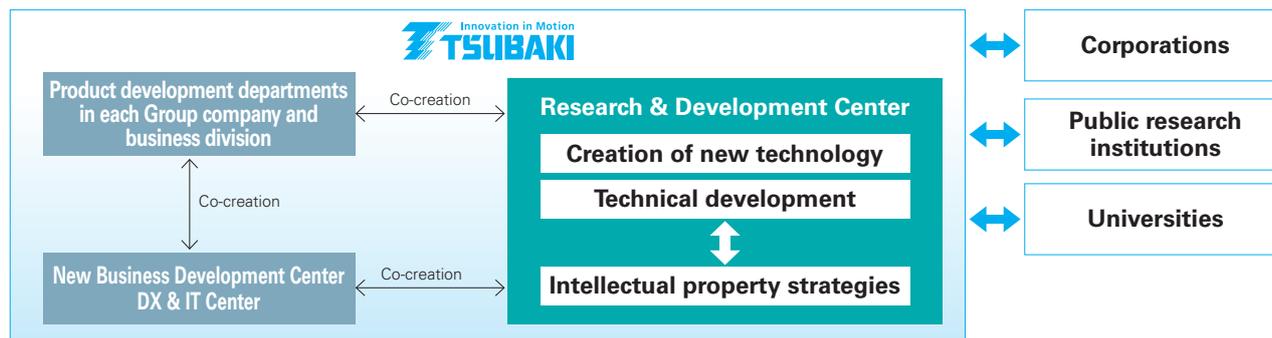
Automation Technologies	Environmental Technologies	Composite Technologies
Cutting-edge automation and unmanned automation technologies such as human-assist devices (healthcare, etc.), soft robotics, IoT/AI utilization, high-performance control, sensing technology, information and communications, unmanned logistics, agriculture and life sciences.	Our environmental technologies are intended to contribute to long service life, weight reduction, miniaturization, high strength, quiet operation, and the use of new energy-efficient materials for energy saving (including optimization and evaluation technologies, and systematization technologies).	Technologies that optimize and integrate multiple devices and facilities with different functions by linking the technologies of each business unit and those of other companies, or by combining mechanical, control, and information technologies.

Acceleration of R&D Through Internal and External Co-Creation

In cooperation with each Tsubaki Group company and division, as well as the New Business Development Center and the DX & IT Center, the Research & Development Center facilitates the cross-fertilization of technology throughout the Group, and ensures

uniqueness based on intellectual property strategies. It also actively promotes co-creation with public research institutions, universities, and private corporations to speed up research and development by incorporating outside knowledge instead of being solely self-focused.

Research and Development Framework



More Competitive Technology

Direction of Technology to be Pursued

Case 1 Improvement of Ferrous Materials and Use of Nonferrous Materials (Greater Strength, Lighter Weight, Plastic-Free)

In addition to iron and steel, the core materials of our products, we will strengthen our material technologies to achieve high strength, light weight, and other advanced functions that give us an advantage. We are actively pursuing collaborations with private corporations, universities, and public institutions to build a more comprehensive technical base. This will enable us to make improvements to the environmental performance

of our technologies, such as miniaturization and eliminating plastic, and develop high value-added products. In addition, by integrating our existing machinery and mechanical design technologies, we will contribute to our social goals of "Creating a people-friendly society" and "Creating an Earth-friendly society" as stated in Long-Term Vision 2030.

Case 2 Development of Next Generation Power Transmission Products

By applying technologies such as mechanical design technology and material technology to our power transmission products (chain and motion control), we are expanding the applications of these products to fields where they have not been used before, and developing products that contribute to increased value through merits such as longer service life. In addition, through industry-industry and industry-academia collaborations to develop new technologies, we are constantly striving to create more attractive products with higher functionality,

smaller size, and completely new mechanisms that have never been seen before.

With an eye on the future of the power transmission business, we have started efforts to develop next-generation products in collaboration with the Product Planning and Technology Development Departments of each business division in order to contribute to "Creating a people-friendly society" and "Creating an Earth-friendly society."

Case 3 Automation for Labor Saving and Greater Safety

We are actively working on technologies such as sensing, controls, and AI to achieve the goals of "Creating a people-friendly society" and "Building a safe and secure infrastructure for living" through advanced automation.

We are realizing technology such as proprietary sensors using electromagnetic and optical technology, remote controls using force sensing feedback and

real-time communication, and autonomous controls combining AI technology with control technology. This technology is combined with technology that demonstrates our superiority to achieve originality. It is also applied to our products to contribute to greater added value.

Message from the Director of the Research & Development Center



Yoshihiko Ieta
General Manager
Research &
Development
Center

Demonstrating our Superiority Through Groundbreaking Innovation

In order to achieve sustainable growth of Tsubaki, it is essential to demonstrate originality and superiority through groundbreaking innovation. The Research & Development Center hires diverse employees and emphasizes giving things a try and getting to the heart of the matter to develop each employee's expertise and build the optimal team. By thoroughly applying the 3Gs (*genba* (the actual place), *genbutsu* (the actual thing) and *genjitsu* (the actual situation)), we will demonstrate greater organizational capabilities and drive internal, industry-industry, and industry-academia collaborations to develop new technologies and products for the next generation.

2 Strengthening Our Human Foundations

One of the strategies we are working on to realize new growth of the Tsubaki Group is transforming our corporate culture into one that promotes innovation through autonomous challenges undertaken by employees.

Increasing Engagement to Encourage New Challenges

Under the Mid-Term Management Plan 2025, to strengthen our human resources and organizations, we are working to hire diverse human resources who can handle the changes in our businesses and increasing employee engagement by carrying out measures to make employees more aware of their growth and creating environments where they can challenge themselves.

Each time an opportunity presents itself, our top managers tell our employees that the Company thinks highly of any new challenges such as new businesses, and accepts failures that come with them. In 2023, we launched ONETSUBAKI as a portal site for internal communications. This is used to facilitate two-way communication through timely messages about top managers' thoughts, management policies, and social

contributions made through our business activities.

We also utilize T-Startup*, our internal business proposal system to create valuable opportunities for employees to try establishing new businesses themselves instead of being confined to the scope of their established role. Four of the 100 proposals submitted in its first year, fiscal 2022, and two of the 65 submitted in fiscal 2023 were selected, and projects have been launched to create businesses. The Company's commitment to providing strong support for endeavors in businesses has steadily become recognized among our employees. Group proposals are recommended, which has led to a culture of co-creation where members of different departments get together to come up with new ideas.

*Details on T-Startup and our employee awareness surveys are provided on P50.

Investing in and Visualizing the Human Resources Behind Our Innovation

As workers' career trajectories become more fluid, hiring innovators is critically important. We are promoting tailored development plans for entry-level employees through measures such as enhancing our training programs, dispatching trainees overseas, and establishing planned rotations. For our engineers, we are strengthening engineer exchanges through our programs for international university study and external seconding. We are also focusing on developing global employees and future management.

Additionally, as a result of our diversification of hiring, over half of employees hired by the Company annually are mid-career hires. In addition to enabling career development that is not dependent on age or seniority, our Technical Talent Committee clarifies the technologies and areas that need to be strengthened and we strengthen hiring of

employees with relevant expertise. Our focus in future will be on hiring DX human resources, overseas nationals, and female graduates with technical backgrounds. It will also be important to visualize and communicate about our investments in these systems and human resources. To monitor this, an employee awareness survey is conducted once every two years. Items from the survey such as "workplace atmosphere," "sense of fulfillment at work," "entrenchment of management policies," and "satisfaction with the Company" are used as KPIs for engagement. While scores for satisfaction with the Company are high, a key area for future improvement is the stagnation for scores for energy in the workplace. We are working to invigorate our organizations through measures such as improving communication in workplaces and recognizing new challenges.

Message from Officer in Charge of Human Resources



Hiromi Ishida

Senior Executive Officer
Human Resources,
General Affairs,
and Legal Affairs

Speed and Visualization Are the Key Points of Cultural Reform

In addition to systems where employees can challenge themselves to motivate others and their organizations, I believe that it is important to have evaluation and reward systems that employees accept and environments that are easy for them to work in.

We will take a multifaceted approach to helping employees to feel motivated in their work, including setting appropriate pay levels and setting up our workplaces to enable flexible work formats, and work quickly to reform our organizational culture so that the changes are visible to our employees.

Tsubaki's Competitive Advantages and Market Position

We are working to establish four competitive advantages with the technology Tsubaki has developed and its strong financial base, and to build a solid position in the market through strengths such as providing some of the world's top products.

Tsubaki's Four Competitive Advantages

Global responsiveness

We have built a network of 83 companies in 26 countries and regions. This enables us to provide advanced solutions and products with a high level of added value just when they are needed.

Manufacturing capabilities

We have the manufacturing capabilities to create high-quality, secure, and safe products. Through ongoing activities to improve production, we are promoting further automation and DX to improve productivity.

Product development capabilities

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

Solution proposal capabilities

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



Three technologies that demonstrate our competitive edge

Mechanical Design Technologies

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

High Functionality Technologies

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

Electrification Technologies

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

Strong financial foundation enabling continuous investment

Under a strong financial foundation with an equity ratio of 66.0% and net-zero debt, we are working to expand our sales and production bases, improve productivity, and continuously invest in research and development.

Market Position

World-leading products

Industrial steel chains

Global share
(according to a study by the Company) 16%



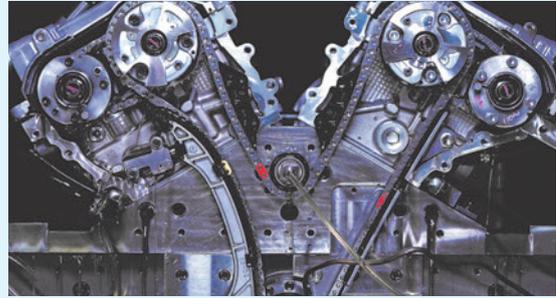
As a result of our tireless technical development, properties such as transmission capability and wear life demonstrate technical capabilities and brand power that no competitor can surpass. Under our global supply system, we are increasing our share, particularly in the Japanese, North American, European,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

Technology driving our global market leadership

1976	Achieved top performance in the world
1985	Extended wear life by 1.2x
2006	Developed LD solid bush, improved transmission capability by 1.3x, extended wear life by 2.0x
2016	Extended wear life by 1.2x, developed rust-proof lubricant
2024	Developed world's smallest chain

Timing chain systems for automobile engines

Global share
(according to a study by the Company) 40%



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

Advancing toward global market leadership

1955	Began mass production of timing chains
1980	Began production of belts in response to transition to belts
1987	Developed small, lightweight timing chain (reevaluation of long-life timing chains)
1989	Began production in the USA (our production framework now consists of 11 plants in 8 countries)
2012	Achieved world's number one share (33%)

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

Cam clutches

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



Electric cylinders*

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



*Thrust 1t and above

Tilt tray sorters

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



Bulk handling systems

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



Power Transmission Operations

(Chain Operations and Motion Control Operations)

In addition to developing applications that directly solve social issues and expanding our businesses globally, we are strengthening our earning power through DX on both the marketing and manufacturing sides.

Yasushi Nagai

Senior Managing Executive Officer
Power Transmission Operations



World's Top Share for Industrial Steel Chains

Accounting for 81% of our Power Transmission Operations' sales and 96% of its operating income, Chain Operations supports the movement of a wide range of devices through a comprehensive range of over 20,000 chains, including drive chains for power transmission and conveyor chains for conveyor equipment. In the areas of drive chains and small-size conveyor chains in particular, our products vastly outperform competitors on quality, such as wear life and transmission efficiency. Our brand leads the pack by far in markets such as North America, Japan, and Australia.

Motion Control (MC) Operations, meanwhile, is a leader in a number of niche areas including industrial cam clutches, linear motion devices, and worm reduction gears, and we are strengthening our development of composite products and drive units comprising a combination of these parts.



Power Transmission products

Review of Results Over the Last Three Years (Fiscal 2021-2023)

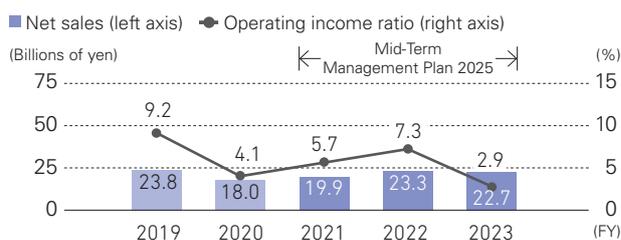
Net sales for Chain Operations have grown significantly, increasing by an average of 15.4% each year from fiscal 2020. The operating income ratio for fiscal 2023 was 17.4%, the highest yet. In addition to increasing our share of the North American market, we offset increases in expenses such as material costs through increased productivity, passing on costs, and the weak yen.

In MC Operations, meanwhile, net sales increased by an average of 8.0% per year in this three-year period, but the operating income ratio decreased sharply in fiscal 2023 despite its previous recovery compared to fiscal 2020. One cause was poor conditions among our key customers (machine tools, semiconductors and LCDs in Japan), and withstanding economic fluctuations remains an issue.

Chain Operations



Motion Control (MC) Operations



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

Acceleration of Market Exploration

Chain Operations is building a solid brand, particularly in Japan, North America, and Australia. On the other hand, there is significant room for exploration of markets such as the vast European market and the rapidly growing Indian market, and we have begun deliberations about establishing new production bases in Europe and India.

SWOT Analysis

S Strengths	<ul style="list-style-type: none"> • Chain: Overwhelming superiority in terms of performance and quality and an extensive product lineup • MC: Competitive edge and composite technologies of electric cylinders, clutches, etc. 	W Weaknesses	<ul style="list-style-type: none"> • Chain: Production and supply framework centers on Japan and North America • MC: Inadequate capability to adapt to market needs
O Opportunities	<ul style="list-style-type: none"> • Increase in need for environmental friendliness, improved productivity, labor savings, automation, etc. • Greater digital transformation (DX) investment in the manufacturing industry 	T Threats	<ul style="list-style-type: none"> • Decrease in demand due to economic deterioration • Ongoing cost increases due to resurgence of part procurement difficulties and inflation

To better equip MC Operations to withstand difficult economic conditions, it will be essential to increase the ratio of overseas sales and expand the market. In China, which experienced economic stagnation in fiscal 2023, narrowing down our industries and products and exploring new markets was highly effective. We will use the success story in China as a model for further accelerating our globalization.

Expansion of Applications

Contributing to solutions to social issues is the source of Tsubaki's value in the field of motion. Power Transmission Operations uses its comprehensive capabilities for innovation to this end.

Chain Operations is working to develop next-generation models for our drive chains, aiming for a 1.2x increase in fatigue strength and a 1.4x increase in anti-wear performance. We are also actively investing in development of green products using recycled materials and biomass materials. At the same time, we have developed and released an ultra-miniature roller chain to break into new markets such as robotic hands and endoscopes. The product received a Guinness World Record™ as the world's smallest roller chain, and we have received many inquiries from customers about it.

MC Operations is expanding its development of proprietary units with greater control performance suited to changes in market needs, not only for general industries but for fields such as transportation, medicine and infrastructure.

Evolution of Manufacturing and Marketing

Power Transmission Operations' 21 factories worldwide are carrying out reforms centering on automation and DX to achieve manufacturing that is people-friendly with no waste or loss. The aim is to realize manufacturing that can provide quality items quickly and cheaply with no burden on people. Chain Operations has held two *Monozukuri* (manufacturing) Summits that have led to collaborations and mutual support to solve issues shared by Group manufacturing companies inside and outside Japan, improving productivity in all of our factories. On the marketing side, meanwhile, we have been taking digital marketing measures such as visualizing and sharing sales data and accelerating initiatives to reflect market feedback in our product development.

Solving Social Issues and Redoubling Growth

New Technology to Help Solve the Impending Logistics Bottlenecks in Japan and Realize Decarbonization

We have released two new products to contribute to solving social issues by reducing environmental impact and shortening working times.

The first is an Arc Chain Actuator. Thus far, a hydraulic driver has been used to open and close the wings of trucks, but this has caused major problems such as oil stains on cargo and increased workload for the driver. This new product is an electric unit that uses an Arc Chain, a new version of our proprietary developed Zip Chain*, to open and close the wings. We have already received mass production orders from major vehicle accessory manufacturers.

The second new product is a next-generation drive unit for sailing boats, with a pin gear drive unit. Tsubaki's technology in the field of motion is also being sailing used for zero-carbon sailing with wind sails.

*Chains developed proprietary by Tsubaki with a structure where two chains fit together to form a column to move an item up and down or in and out.



Our arc chain actuator, which transmits motion in an arch formation

Mobility Operations

We are continuing to increase our market share, particularly for HEVs and PHEVs*, which are being increasingly ordered, and are working on profit-oriented growth with an emphasis on improving the break-even point. We also intend to quickly grow our onboard clutch into the next core product.

*Hybrid and plugin hybrid vehicles



Isao Sato

Managing Executive Officer
Mobility Operations

Leading Global Share Due to High Environmental Performance

Our timing chain systems are now core products in our Mobility Operations as they are essential for improving the performance of automobile engines and reducing their environmental impact.

Environmental benefits such as their light weight and low friction give these systems a competitive edge that has made them the top brand in the timing chain market with a global share of 40%.

Other key products include our power drive chains used for transfer cases of four-wheel drives and our starter clutches used to transmit rotation from the starter motor to the crankshaft in automatic two-wheel drives. Our power drive chains offer superior freedom in the layout of the transfer case while our starter clutches offer superior engagement, which has made both of them top runners in their respective global markets.



Timing chain systems



Ene-drive Chains

Review of Results Over the Last Three Years (Fiscal 2021-2023)

The net sales of Mobility Operations grew 12.5% per year in the last three years. In addition to the benefits of the weakening yen, the steady recovery in the global production volume of automobiles and the growth of our global share for timing chain systems (from 38% in 2021 to 40% in 2023) drove this growth of the Mobility Operations' net sales.

In the case of operating income ratio, however, while there was some recovery from the level reached in fiscal 2020 (6.4%) due to the adverse conditions created by the pandemic, it has remained flat at 8.3% - 9.9% since FY2021. This was caused by high depreciation and amortization due to expansion of our global bases, and increases in labor and R&D costs weighed on the positive effects of increased production and price hikes.



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

Continuously Increasing Sales and Improving Profitability in Existing Businesses

For our timing chain systems, a key product of ours, we believe that there is still room for major improvements. One factor is that powertrain options are diversifying, including the transition from a BEV-dominated market to one where HEVs and PHEVs are more widely used, which has led to changes in development trends in the global automotive industry. The other is that exhaust regulations such as EURO-7 are being tightened to address climate change. Under these circumstances, we are focusing on developing more advanced products with greater environmental performance to adapt to the tighter exhaust regulations and the rise of HEVs and PHEVs.

Our wide range of timing chain products has resulted

SWOT Analysis			
Strengths	<ul style="list-style-type: none"> Development of products that contribute to improving environmental performance, e.g. more efficient and lighter drive trains Responsive engagement and energy saving performance in one-way clutches for motorcycles 	Weaknesses	<ul style="list-style-type: none"> High level of dependency on products for internal combustion engines
	Opportunities		<ul style="list-style-type: none"> Widening range of powertrain options (in addition to acceleration of transition to HEVs and PHEVs) Growing need for more compact and higher performance parking locks in automotive clutches and overload protection for switching between 2WD/4WD

in more in-process inventory. Improving inventory turnover will be essential to improve our break-even point. Specifically, along with passing on price increases, we will utilize DX technology to improve productivity, particularly in indirect departments. In addition, we will further advance the manufacturing reforms that we have been promoting at the Saitama Plant, such as automation and process improvement, and expand them globally.

Expediting Development of Next-Generation Core Products

In Mobility Operations, we have focused on developing in-vehicle clutches to cultivate a second core product following our timing chain systems. These in-vehicle clutches have various applications. Among them, the

parking lock clutch for xEV* and AT vehicles has transitioned from the advanced development phase to mass production. These are much more compact and much lighter than conventional parking lock mechanisms, which has been a major source of appeal to the world's automobile manufacturers.

We are also exploring options to advance into the personal mobility area, including new units and electric parts for e-Bikes and e-Cargo (electrically assisted three-wheel bicycles), which are strategic areas for us from a long-term perspective. We will continue to move these initiatives forward.

*A general term for HEVs, PHEVs, FCVs, etc.

Solving Social Issues and Redoubling Growth

Applying Clutch Technology Across Diverse Fields

We combine the technology Motion Control Operations has developed for industrial clutches with mass-produced technology from Mobility Operations to develop and commercialize the next generation of products for the high-volume automotive industry. This directly increases both the social value and the economic value of Tsubaki as a whole.

In addition to our parking lock clutches, which we mentioned earlier, we are working on a gearshift/power switching clutch and a torque limiter clutch. The former is used when switching power on and off, and is an area where we can make good use of the Company's technology. The latter is a mechanism to prevent transmission of excess torque in the event of an overload. Both are expected to contribute to smaller and more energy-efficient drive units.

Like other areas, the Company is accelerating investment in innovation in mobility with a view to the next generation of movement.



Gearshift/power switching clutch

Parking lock clutch

Materials Handling Operations

To transform Tsubaki into a company that provides logistics solutions, we established a joint venture with KDDI Corporation, and will further expand our maintenance business.

We will return our Materials Handling Operations to profitability and make it resilient to economic changes.



Masafumi Okamoto

Managing Executive Officer
Materials Handling Operations

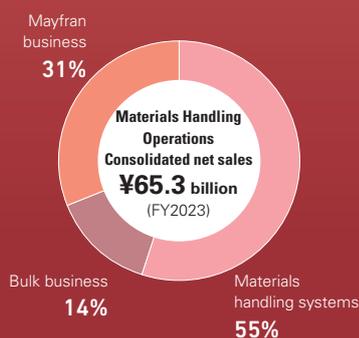
Demonstrating Our Uniqueness in Three Areas

Materials Handling Operations comprises three main areas: materials handling systems, which are used to efficiently transport, store, sort, and pick items at factories and warehouses, our Bulk business for conveying bulk products such as cement and fertilizer, and Mayfran, which mainly comprises conveyance of scrap metal and processing of coolant.

In materials handling systems, we have a strong presence in specialized industries and areas, such as sorting systems for the logistics sector and liquid handling for the life sciences field.

Bulk business is the leader in Japan for the bulk conveyance field. In addition to establishing production bases in China and India, we are expanding our business into environmental fields such as biomass power generation, food recycling, and waste incineration.

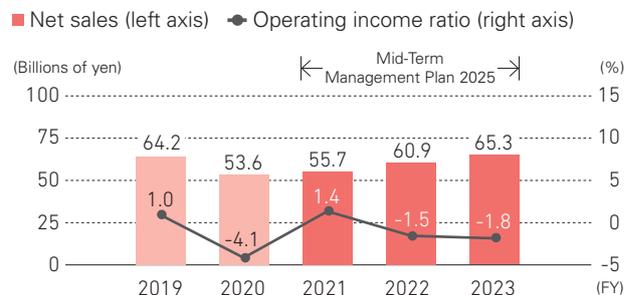
Our Mayfran business mainly serves the machine tools industry. It is developing shuffle conveyors and working to expand into markets such as the food products industry.



Review of Results Over the Last Three Years (Fiscal 2021-2023)

The results for the three main business areas of Materials Handling Operations diverged considerably. Our Bulk business achieved strong sales for biomass power generation, as well as environmental equipment related to desulfurization and denitrification for the Chinese market. While our Mayfran business is susceptible to trends in equipment investment, the business is performing strongly and becoming more profitable, particularly in North America and Europe.

However, profits for our materials handling systems stagnated significantly. This is due to unexpected additional costs for automotive projects in the USA and due to product development in Japan lagging behind market changes in the logistics industry. In terms of the issue in the USA, our write-off of our unprofitable project has now been completed, so the most critical issue is improving the framework of our Materials Handling Operations in Japan.



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

Roadmap for Improving the Framework of our Materials Handling Operations

The profitability of our materials handling systems has stagnated significantly since the beginning of Mid-Term Management Plan 2025. As we mentioned in our review of the results, particularly in Japan, there has been a decrease in sales for sorting systems, a previously strong product for Materials Handling Operations. The business was slow in adapting its product development to market changes.

We believe that two measures are important in order to reform Materials Handling Operations to achieve high growth and profitability. The first is to transform Tsubaki

SWOT Analysis			
Strengths	<ul style="list-style-type: none"> Customer-oriented product development and customization capabilities Stability and high profitability of our bulk business 	Weaknesses	<ul style="list-style-type: none"> Low profitability of logistics and FA-related areas in Japan and the USA
	<ul style="list-style-type: none"> Expansion of environmental investments (bulk business) Expansion of needs for DX solutions (logistics and factory automation (FA)-related areas) 		<ul style="list-style-type: none"> Commodification of existing products Longer installation period

into a company that provides thoroughly customer-oriented solutions; the second is to strengthen the appeal of our core products as we steer toward providing solutions.

Progress on these two points has been too slow in the last three years, but we have launched new initiatives.

1. Transforming Tsubaki Into a Company that Provides Solutions

We have been working to transition to a system integration business that goes beyond just our products, addressing the needs of customers seeking automation solutions while facing significant preparation time and capital investment challenges. Furthermore, a strong collaborative business has started with KDDI Corporation ("KDDI") with the establishment of a joint venture, Nexa Ware Co. Ltd. Leveraging KDDI's leadership in next-generation communications and data infrastructure alongside our expertise in system development and hardware innovation, we aim to accelerate DX in logistics and production, surpassing customer expectations.

2. Adapting Product Development to Changes in Market Needs

T-AstroX, a good-to-person device that utilizes robotic carts manufactured in-house, was introduced to the market to address the issue of how quickly and accurately goods can be transferred from warehouse entry, storage, picking, and sorting to the shipping process.

Our customers also want to quickly and accurately recognize and identify packages without using a barcode or RFID. To achieve this, we are incorporating an AI-based image recognition system* into our automatic sorting system. Proof-of-concept testing is being carried out on the customer side. In our first step toward use of this system in society, operation of the system began at a major logistics company. As it can instantaneously recognize items from images, adopting this system will provide support for the logistics industry and help to solve issues on sites such as realizing labor saving and autonomous operations and alleviating worker shortages.

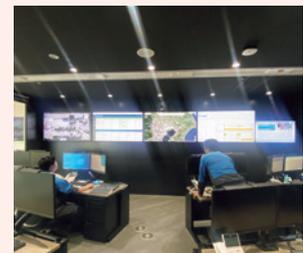
*Jointly developed with EAGLYS Inc., a company that Tsubaki is investing in.

Solving Social Issues and Redoubling Growth

Strengthening After-Sales Services to Provide Greater Customer Convenience and Increase Loyalty

Expanding the after-sales services and maintenance we provide after delivery of equipment provides greater peace of mind and safety for customers and increases their trust in the manufacturer. It is also an important measure for increasing the economic value of the Company (increasing sales and improving profitability).

In fiscal 2023, we relocated our Tokyo Service Center to the Daiba area of Tokyo and significantly expanded existing functions that are useful to customers, including our 24-hour on-call service and monitoring of operations of equipment we have delivered. When the Noto Peninsula Earthquake occurred in January 2024, our service center quickly assessed the damage of the equipment we had delivered and helped to resume operations quickly. We will further accelerate these initiatives to provide solutions and draw on the Tsubaki Group's collective strength to become the top company for after-sales services.



Our 24-hour on-call center (Tokyo Service Center)

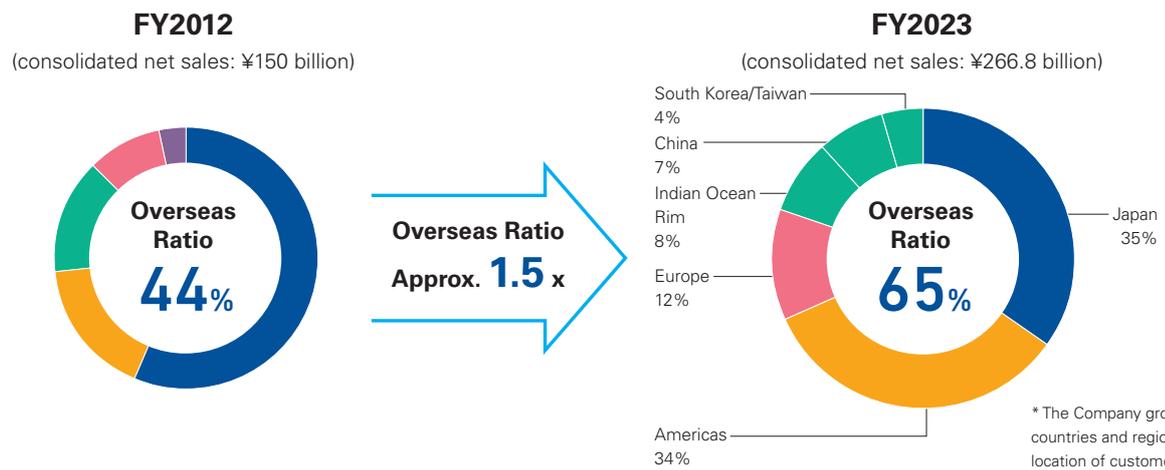
Global Network: Tsubaki's Globalization

The Tsubaki Group—Underpinning Industries Globally

With the establishment of a joint venture in Taiwan in 1970, the Tsubaki Group began building a global network. Today, we have 83 companies in 26 countries and regions around the world. Our global responsiveness, manufacturing capabilities, product development capabilities, and solution proposal capabilities have underpinned our global industry expansion. By further accelerating innovation in the domain of motion and creating innovative new products and solutions that exceed expectations, we will contribute to solving issues faced by our customers and by society as a whole.



Ratio of Sales by Region*



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

- Manufacturer
- Distributor

20 Companies in the Americas

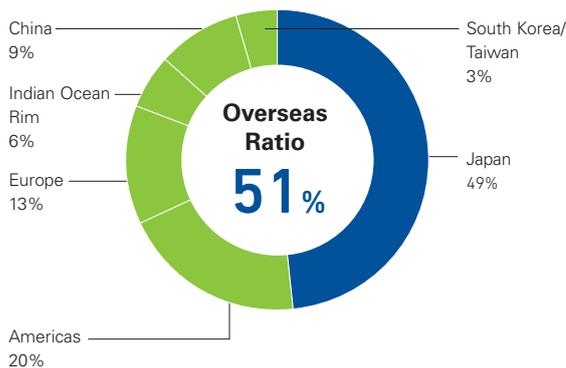
(13 manufacturers)



(As of March 31, 2024)

Ratio of Overseas Employees

(employees as of March 31, 2024: 8,750)



Progress in Global Expansion

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

Working to Achieve Sustainability

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

Working to Realize a Sustainable Society

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

carry out these activities in a systematic manner.

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

Basic Policy on Sustainability

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

Promotion System and Evaluation of Effectiveness

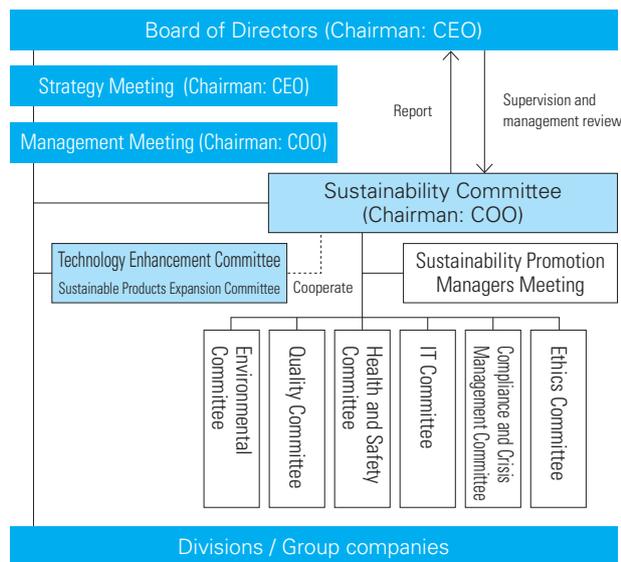
Under our Basic Policy on Sustainability, we have designated “Strengthen ESG initiatives” as one of our basic policies for our Mid-term Management Plan 2025. We have designated three specific pillars—carbon neutrality initiatives for E, solving other social issues (human rights, labor practices, supply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

The Sustainability Committee discusses, decides and systematically manages activity policies and key themes for the Group as a whole based on information from various committees, including those pertaining to the environment, quality, and safety, and the Sustainability

Promotion Managers Meeting. The Board of Directors receives regular reports from the Sustainability Committee about the status of activities and progress on issues while supervising and reviewing our sustainability activities as a whole. In fiscal 2023, we particularly focused on carbon neutrality, human rights, diversity, human resource development and work style reforms, supply chain management, crisis response and BCPs, and cybersecurity. In fiscal 2024, we are working on seven areas, including health and safety and quality.

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

Sustainability Promotion System Chart



Tsubaki's Participation in Initiatives/Reputation in Society:

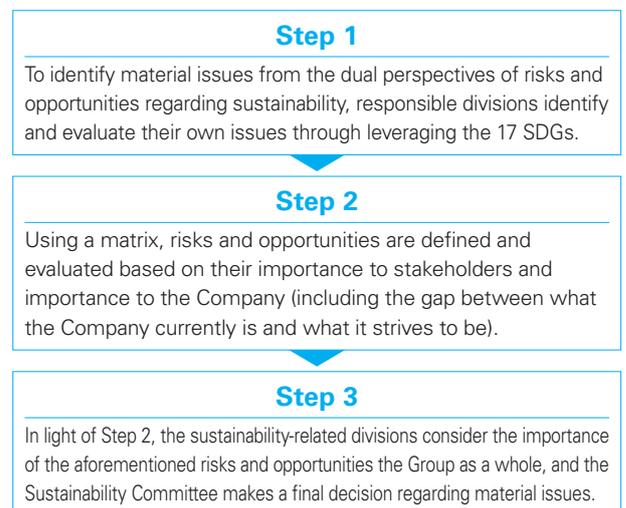
- United Nations Global Compact (UNGC)
- Task Force on Climate-related Financial Disclosures (TCFD) recommendations
- CDP: A world-leading organization that evaluates environmental activities; FY2023 climate change score: B
- Science Based Targets initiative (SBTi): An international initiative that provides certification for targets to reduce greenhouse gas emissions
- Eco-First: A system under which the top environmental performers in each industry are certified by the Minister of the Environment
- 2024 Certified KENKO Investment for Health Outstanding Organizations: A program recognizing enterprises demonstrating exceptional health management practices, established by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi

Process for Identification of Priority Matters (Material Issues)

At the Tsubaki Group, we first set priority matters (material issues) and KPIs from the CSR side under our Basic Policy on Sustainability. (See the identification process on the right.)

We have identified the social issues that will be resolved through our core business (our products)—namely, CSV issues—as priority matters under our Long-term Vision 2030 and Mid-term Management Plan 2025 and are addressing them from a medium- to long-term perspective.

These initiatives directly contribute to the SDGs, and we will raise employee awareness by clarifying the relationship between them.



Sustainability Priority Matters and Progress to Date



Please refer to our website to view our Basic Policy on Sustainability and other detailed information.

<https://tsubakimoto.com/sustainability/>

Material Issues (Priority Matters)		Contribution to the SDGs	KPIs	Targets and Results				
				Scope	Target Figure	Year of Achievement	FY2023 Results	
E Environment	Climate change	 	CO ₂ emissions reduction rate (FY2013 standard)	Domestic	30%	FY2025	37.6%	
			CO ₂ emissions reduction rate (FY2018 standard)	Overseas	20% or more	FY2025	16.0%	
			CO ₂ emissions reduction rate (FY2021 standard)	Global	42%	FY2030	19.4%	
			Ratio of renewable energy consumption	Domestic	30%	FY2025	33.8%	
			CDP climate change score	Global	A-	FY2023	B	
	Recycling-oriented society	 	Waste recycling rate	Domestic	99% or more	FY2030	98.6%	
			PRTR-substance emissions	Domestic	130.9 t or less	FY2030	114.8t	
			Number of violations of environmental laws and regulations	Global	0	Annually	0	
S Society	Respect for human rights / Promotion of diversity	 	Number of companies implementing ethics education	Domestic	12	Annually	12	
			Number of companies implementing due diligence regarding respect for human rights	Global	30	FY2022	30	
			Ratio of employees with disabilities	Non-consolidated	2.50%	FY2023	2.49%	
			Ratio of companies meeting legally required employment ratios for people with disabilities	Domestic	100%	FY2025	44.4%	
			Number of non-Japanese employees	Non-consolidated	85	FY2030	29	
	Cultivation of human resources / Work style reforms		 	Ratio of senior female employees	Domestic	10%	FY2030	4.5%
				Education plan implementation rate	Non-consolidated	100%	Annually	100%
				Ratio of paid leave acquisition	Non-consolidated	85%	FY2025	77.3%
	Health and safety		 	Ratio of maternity and childcare leave-takers who have returned to work	Non-consolidated	—	—	92.3%
				Ratio of employees with high level of stress	Non-consolidated	5.0%	FY2025	6.9%
	Quality assurance		 	Number of lost time accidents	Domestic	0	Annually	6
	Contributions to local communities			Number of major quality issue occurrences	Global	0	Annually	3
	Sustainable procurement			Number of Sustainability Guidelines issued (cumulative total)	Global	1,500	FY2025	1,509
Response rate to Sustainable Procurement Survey		Domestic		80%	FY2025	69.5%		
—		—		—	—	—		
G Governance	Compliance	 	Number of serious violations of Company regulations	Global	0	Annually	0	
			Number of companies participating in Corporate Ethics Awareness Month	Global	51	Annually	51	
			Ratio of business sites implementing disaster prevention and evacuation drills	Domestic	100%	Annually	100%	
	Disaster resilience / Business continuity planning / Crisis management		Number of business sites revising their business continuity plans (BCPs)	Domestic	17	FY2023	Completed June 2023	
			Number of serious system incident occurrences	Domestic	0	Annually	0	
	Information security		Number of information security accident occurrences	Global	0	Annually	1	
			Information disclosure	—	—	—	—	
Management of intellectual property	Number of valid warnings received claiming infringement of intellectual property rights	Global	0	Annually	0			

Guided by our Basic Policy on Sustainability, the Tsubaki Group has determined material issues (priority matters) and KPIs for each environmental, society, and governance (ESG) category. In fiscal 2023, our activities progressed as set out in the table below. We revised our CO₂ emissions reduction targets (long-term targets) through fiscal 2030 after receiving SBT (Science Based Targets) certification in May 2023.

Progress to Date	Remaining Issues and Direction of Future Initiatives
<ul style="list-style-type: none"> Launched just-in-time (JIT) initiatives for energy, horizontally expanded at domestic and overseas business sites Revised Group CO₂ reduction targets after receiving SBT certification. Began activities in each division to achieve the targets. Continued purchasing renewable energy for around 30% of our domestic energy usage. Began introducing renewable energy at Thai and Mexican subsidiaries and are successively deliberating on introducing it at other sites. Investigated CO₂ emissions by major suppliers. Additionally, held tours of Company plants carrying out JIT activities and began working together with suppliers on activities to reduce CO₂ emissions. <ul style="list-style-type: none"> In addition to existing domestic activities, established Global Environmental Management Manual to strengthen activities at overseas Group companies. Began obtaining various environmental data. 	<ul style="list-style-type: none"> Start research on decarbonization of heat treatment processes in addition to continuing existing energy saving activities. Consider increase in purchasing of renewable energy at domestic sites and continue investigations with a view to purchasing for overseas sites. Improve TCFD disclosures such as quantification of scenario analysis. Expand the scope of collaboration on supplier CO₂ emissions surveys and CO₂ reduction activities to accelerate decarbonization initiatives throughout our supply chain. <ul style="list-style-type: none"> Work toward receiving EcoFactory certification for all domestic sites. Overseas, assess local activities and promote and support environmental management activities using Global Environmental Management Manual.
<ul style="list-style-type: none"> Designated a Corporate Ethics Awareness Month to implement activities raising awareness of compliance in Japan and overseas. Explored educational tools on human rights in business. <ul style="list-style-type: none"> Established work environments and developed roles conducive to hiring persons with disabilities at each site. 	<ul style="list-style-type: none"> Maintain initiatives pursued thus far and make planned improvements to them. Continuously carry out human rights due diligence and confirm status of improvements. <ul style="list-style-type: none"> To increase employment rate of persons with disabilities, bring forward schedule for achieving targets and redouble hiring, particularly at our special subsidiary. Provide support for the efforts of domestic Group companies to meet legally required employment ratios for individuals with disabilities.
<ul style="list-style-type: none"> Strengthened measures for active hiring of non-Japanese employees. Conducted training for the purpose of women's advancement, continuously and actively hired women, and expanded roles. Maintained ratio of usage through combination of face-to-face training and e-learning, upgraded the content of themes in need of strengthening by continuing training and other activities through dispatches of employees to external agencies and the use of external lecturers. Established a scheduled date for granting paid leave. Promoted use of maternity and childcare leave by enhancing guidance resources such as Tsubaki Maternity Leave and Childcare Leave Handbook. Began applying work-from-home system for employees with childcare or other care responsibilities to provide support after maternity and childcare leave. Implemented mental health education on a regular basis and established an internal consultation service operated by dedicated personnel. Shared information with relevant departments for early detection of employees who are unwell. Established the three pillars of the Tsubaki Group's health and safety activities (Safe-Person Manual, Risk Assessment Guidelines, and Machinery and Equipment Safety Guidelines) and continued carrying out activities. Utilized quality assurance system capability map as a tool to achieve zero serious quality issues. Identified bottlenecks in each division and carried out activities to improve processes. Conducted internal audits from a third-party perspective based on annual plan. Continued sponsoring Nagaokakyo Gracia Festival in Kyotanabe, and other community events and holding Cherry Blossom Festival (open to the public) at Kyotanabe Plant. Ran plant visits for elementary and high school students at Saitama and Kyotanabe Plants. Distributed revised Supplier Sustainability Guidelines in fiscal 2022 to major domestic suppliers and to American and European suppliers. Provided sustainability education to major domestic suppliers and investigated the current situation through our Sustainable Procurement Survey and human rights due diligence. 	<ul style="list-style-type: none"> Carry out measures such as departmental awareness-raising activities to increase hiring of non-Japanese nationals. In terms of retention, strengthen follow-up system for career and life goals. To facilitate advancement of women, continue existing initiatives and systematically improve KPI. Through our three proprietary schools, actively carry out employee training that leads to noticeable individual growth, including Companywide training, departmental training, and global training, as well as enhancing elective training. Promote the creation of workplaces where employees can easily take paid leave and encourage employees to take paid leave in a planned manner. Continue current initiatives to retain return rates of maternity and childcare leave. Maintain efforts to reduce the number of long-term absentees and employees with high levels of stress by enhancing care by line supervisors and encouraging self-care. Promote health and safety activities from soft and hard perspectives using the Safe-Person Manual and the Machinery and Equipment Safety Guidelines; Work to share information with global bases on serious accidents. Revise process KPI definitions for our quality assurance system capability map to improve accuracy of evaluations. Begin providing overseas sites with support to improve weak processes. Strengthen social contribution activities to solve social issues or achieve SDGs both domestically and overseas. Check progress on social contribution activities at domestic Group companies and consider holding collective events. Expand scope of training for major domestic suppliers, Sustainable Procurement Survey, etc., and check status and carry out improvement activities based on the results of the survey. Expand scope of distribution of Sustainability Guidelines overseas. Conduct Sustainable Procurement Survey and human rights due diligence for major suppliers of European Group companies. As the first step of making our supply chain more resilient, investigate and improve status of bankruptcy and closure risk management by suppliers. In addition to diversifying suppliers through exchange of information within the Group, negotiate with suppliers and customers and endeavor to realize procurement and sale prices that are suitable for the current situation.
<ul style="list-style-type: none"> Raised employee awareness of compliance and thoroughly familiarized personnel with corporate ethics through the Corporate Ethics Awareness Month and a range of training programs. Based on the Tsubaki Group Basic BCP Strategy, carried out various disaster preparedness activities, including disaster preparedness drills, drills using a safety confirmation system, and stockpiling of disaster preparedness items. Established an initial 3-hour response manual for domestic Group companies. Improved insurance coverage for five overseas companies according to our Property and Casualty Insurance Guidelines which we established in May 2022. Built cybersecurity response system for incidents (built response framework for IT-BCP). Requested promotion of cybersecurity measures by business partners (Mobility Operations). Introduced security response tool for email-based threats and attacks. Made disclosures in cooperation with related departments on a case-by-case basis in accordance with the Tokyo Stock Exchange's guidelines on disclosure standards. Strengthened disclosures of sustainability-related information as part of dialogue with stakeholders. Continued activities to establish IP awareness. (1) Continued study sessions (for engineers by rank/each IP system, etc.), (2) Published various guidelines and publicized them through training (compensation and incentive payments, trademarks, patent searches). 	<ul style="list-style-type: none"> Ensure thorough compliance by maintaining activities relating to data and making continuous improvements. Complete BCPs for business divisions and Group companies and carry out BCP training. Carry out facility audits and fire, disaster and crime prevention audits at domestic Group companies to strengthen crisis management system. Currently conducting one-on-one discussions with 22 overseas companies for strengthening loss risk measures based on Property and Casualty Insurance Guidelines. Organize items to respond to war risks to safeguard the lives and ensure the safety of expatriates. Utilize Cybersecurity Guidelines established by the Japanese automotive industry to strengthen IT-BCP measures. Introduce mechanisms for real-time network monitoring and detection, blocking and notification of unauthorized access or hacking. Strengthen daily education and training (prevention of emails sent in error, targeted email training, etc.). Disclose information effectively so that stakeholders understand the link between our business strategies and our ESG activities. As measures to revitalize IP activities, (1) continue IP training, (2) publicize and expand external guidelines (related to patents, trademarks, and copyrights), and (3) begin to consider measures for overseas group companies.

Communications with Stakeholders



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

Stakeholders	Customers	Shareholders & Investors	Business Partners (Suppliers)	Employees	Community
Relation	We are striving to build relationships of trust with our customers, while also contributing to addressing social issues and the issues facing customers by providing high-quality products and services that customers can use with satisfaction and peace of mind.	We are striving to maintain and improve the trust and confidence of the market, while also fulfilling the duty of explanation to shareholders through timely and relevant information disclosure on management policies, business strategies, and business performance trends, etc. We are also working to increase corporate value and shape appropriate stock prices through dialogue and promoting a proper understanding of our company.	We are working with our business partners (suppliers) on procurement activities, so that we can perform high-quality manufacturing and help create a sustainable society. In addition to ensuring that business dealings are fair and equitable, we are also asking our business partners to make efforts toward sustainable procurement, and we are working with them to achieve this.	We emphasize the health and diversity of our employees, and we are working to create a workplace environment and to educate and train personnel to help each employee to realize their full potential.	We are actively encouraging exchanges and cooperation with the local communities where our business bases are located, and aiming for the mutual development of our business and the local communities. This is also one of the social contribution activities that make use of the Tsubaki Group's resources.
Specific Initiatives	<ul style="list-style-type: none"> Daily communication through the Sales Division Providing products, services, and solutions that solve the issues facing customers Providing information using websites, catalogs, exhibitions, and seminars etc. Participation in joint research and development, etc. 	<ul style="list-style-type: none"> Information disclosure and communication through the General Meeting of Shareholders Providing information through the Integrated Report, websites, etc. Holding results briefings, plant visits, individual meetings, and other events for institutional investors and securities analysts Participation in IR fairs, etc. for individual investors 	<ul style="list-style-type: none"> Promoting fair procurement activities Holding company policy briefings Promoting sustainable procurement in accordance with the Tsubaki Group Supplier Sustainability Guidelines Cooperating through the promotion of development and procurement 	<ul style="list-style-type: none"> Encouraging daily communication in the workplace Creating opportunities for employees and management to talk via briefings on policies and business conditions, corporate communications, etc. Promoting regular communication with labor unions Providing various opportunities for level-specific and job-specific training and education, etc. Promoting diversity and various work styles Providing a comfortable workplace environment by carrying out employee awareness surveys and promoting health management 	<ul style="list-style-type: none"> Participating in and cosponsoring community events Carrying out eco-conscious business operations Cooperating with municipal governments during disasters Offering work experience placements for junior high and high school students, holding interactive factory tours, etc. Charity activities and volunteer activities at food bank, etc.
	 <p>Maintenance services</p>	 <p>IR fairs</p>	 <p>Meetings with suppliers</p>	 <p>Training for new managers</p>	 <p>Mangrove planting</p>



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



Environmental Management

In order to contribute to the development of a sustainable society, the Tsubaki Group has established an Environmental Philosophy and a Basic Environmental Policy, based on which it is working to reduce its environmental impact from a medium- to long-term perspective. In particular, we will address the issue of climate change, which we view as a priority issue of the utmost urgency, by closely monitoring international standards and market and customer trends.



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

Environmental Medium- to Long-Term Targets

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

As a result, we have already met our medium-term targets for reduction of domestic Scope 1 and 2 emissions and ratio of renewable energy used, so in May 2024, we further increased our long-term global target to a 42% reduction of CO₂ emissions by fiscal 2030 (compared to fiscal 2021) and obtained certification from the global

Science Based Targets initiative*1.

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

*1 An initiative providing validation of greenhouse gas emission reduction targets that are in line with the goal of the Paris Agreement of limiting the global temperature rise to 2°C (1.5°C).

Targets for Reducing CO₂ Emissions

Indicator	Scope	Medium-term target (FY2025)	Long-term target (FY2030)*4	Target for FY2050
Scope 1 and 2*2 emissions reduction rate	Domestic	30% (compared to FY2013)	42% (compared to FY2021)	Carbon neutral
	Overseas	20% or more (compared to FY2018)		
Scope 3*3 emissions reduction rate	Global	—	25% for Categories 1 and 11 (compared to FY2021)	
Ratio of renewable energy	Domestic	30% or more of electricity used	Set when formulating the next Mid-Term Management Plan	100% of electricity used

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

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

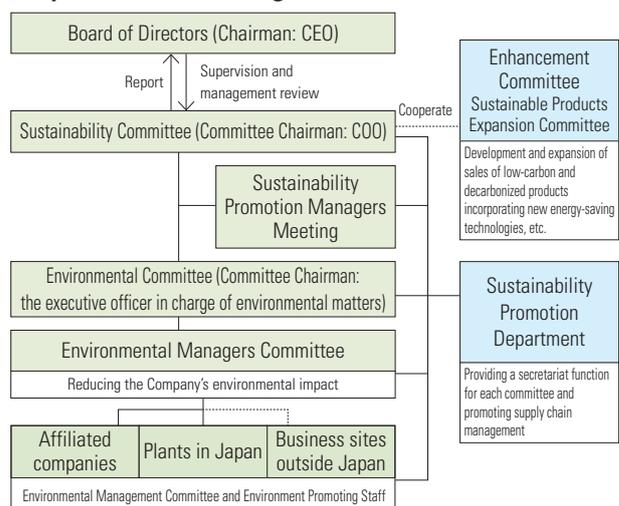
*4 We amended our long-term target when we obtained SBT certification in 2023.

Management System

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

The committee is chaired by the executive officer in charge of sustainability promotion for the Company and comprises general managers of our business segments as well as representatives of manufacturing group companies in Japan. The committee addresses the Group's environmental issues, such as climate change, from a medium- to long-term perspective. In addition, overseas business sites appoint Environment Promoting Staff who collaborate with the Tsubakimoto Chain Sustainability Promotion Department (Group Environmental Secretariat).

System for Promoting the Environment



E Environmental Management

Response to Climate Change

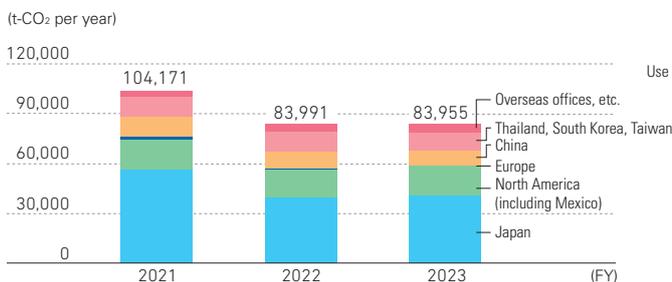
The Group addresses a variety of issues through its Environmental Philosophy of contributing to the development of a sustainable society by generating environmental value and economic value through manufacturing. In particular, the need to respond to changes in the environment is a high priority matter in the Tsubaki Group's medium- and long-term management plans. The Group has joined together and is working to achieve the long-term target of striving to limit the rise in global average temperatures since the industrial revolution to 1.5°C, and keeping it well below 2°C that was established by international consensus in the Paris Agreement.

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

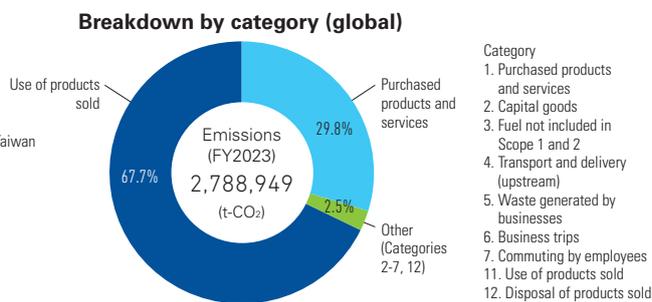
Much of the energy used in the Group's manufacturing is concentrated in the production process. Consequently, we are improving energy efficiency by proactively installing energy-saving production equipment, applying thermal insulation coatings to our main plants, reviewing the operating conditions of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

In particular, at the Saitama Plant, which is positioned as an Environmental Model Plant, through the installation of solar panels and the purchase of carbon-free power with a non-fossil certificate, we have achieved a renewable energy usage rate of about 40%.

CO₂ Emissions: Scope 1 and 2 (Global)



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



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

Information Disclosure in Accordance with the TCFD

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

In recognition of these circumstances, in March 2022, the Group announced its support of the Task Force on Climate-related Financial Disclosures (TCFD). Utilizing the

information disclosure framework recommended by the TCFD, which includes the risks and opportunities posed by climate change, we will identify and evaluate our own risks and opportunities and reflect the relevant countermeasures in our business strategies. Moreover, we will proactively disclose all relevant information on these initiatives.

Governance

□ Please refer to "Management System" on P43.

Measures in Response to Risks and Opportunities

■ Responding to and Addressing Risks

	Categories		Response Measures		Magnitude of Risk	
	Sub-Categories	Risk/Opportunity Categories	Companywide Management Systems	Business (Plant) Operations	1.5°C	4°C
Transition Risks	Government policies, laws, and regulations	Carbon emission targets Energy-saving policies Subsidies for renewable energy	<ul style="list-style-type: none"> CO₂ emissions reduction target setting and reduction activities according to the Paris Agreement Compliance with SBT initiative and setting of targets and promotion of reduction initiatives for Scope 3 Collecting and responding to information on carbon-neutral policies inside and outside Japan Consideration of an internal carbon pricing system 	<ul style="list-style-type: none"> Construction of a smart factory (improved productivity and efficiency, and zero loss) Strengthened energy management Implementation of Scope 3 emissions reduction initiatives from a life cycle assessment (LCA) perspective Monitoring and complying with climate-change-related laws and regulations in all each country and region Promotion of green procurement 	High	Medium/Low
		Changes to energy mix Transition to a decarbonized society	<ul style="list-style-type: none"> Upfront investment in improvements and development of new products for realizing carbon neutrality Planned introduction of renewable energy (in-house power generation, purchasing of carbon-free power) 	<ul style="list-style-type: none"> Monitoring and considering the introduction of alternative energy technologies (hydrogen and storage batteries and the like) Increase in the market share of existing products for hybrid electric vehicles (HEVs) and plug-in hybrid electric vehicles (PHEVs) as transitional technologies Development of a heat treatment technology (using hydrocarbon-free gas) that does not emit CO₂ Development and sale of chains incorporating materials requiring no heat treatment 	High	Medium/Low
		Technologies for energy saving and decarbonization	<ul style="list-style-type: none"> Promotion of development of energy-saving and decarbonization technologies (strengthening organization, upfront investment) 	<ul style="list-style-type: none"> Research on new decarbonizing technologies and new materials through close monitoring of the energy industry 	High	Low
		Evaluation and assessment	Changes in evaluations from stakeholders	<ul style="list-style-type: none"> Enhancing information disclosure to evaluation organizations such as the CDP climate change program Enhancing disclosure of scenario analysis as part of TCFD recommendations Balancing of ESG management practices with an assured minimum dividend payout ratio of 30% 	<ul style="list-style-type: none"> Improving customer satisfaction by strengthening initiatives from the LCA perspective of each customer Strengthening communication with customers to achieve faster identification of needs 	Medium
Physical Risks	Chronic damage	Rising temperatures	<ul style="list-style-type: none"> Considering the introduction of daylight saving time 	<ul style="list-style-type: none"> Enhancing heat stroke countermeasures by installing air conditioning in plants and offices Actively investing upfront in workplace and work style reforms 	Medium	High
		Rising sea levels	<ul style="list-style-type: none"> Reflecting the risk of sea levels rise in the evaluation of location conditions for new business establishments 	—		
	Acute damage	Abnormal weather (wind and flood damage)	<ul style="list-style-type: none"> Controlling spending in response to emergencies by strengthening measures for adapting to natural disasters (business continuity planning for production and the supply chain) 	<ul style="list-style-type: none"> Consideration of measures for international business sites with high flood risk Improving adaptability of plants and service sites, strengthening business continuity planning, securing appropriate inventory, engaging in joint purchases with multiple companies 	Medium	High

■ Responding to and Addressing Opportunities

	Categories		Response Measures		
	Sub-Categories	Risk/Opportunity Categories	Identifying Measures to Improve Profitability of Existing Businesses	Identifying Measures to Achieve Business Expansion through Innovative Growth	Direction of New Growth (New Businesses)
Transition Opportunities	Government policies, laws, and regulations	Rising carbon prices Carbon emission targets Energy-saving policies Subsidies for renewable energy	<ul style="list-style-type: none"> Reducing costs through thorough energy-saving activities (JIT energy supply) Reducing costs of materials, parts, energy, processing, transportation, etc. through Scope 3 emissions reduction initiatives Considering the efficient use of renewable energy subsidy systems in locations around the world 	<ul style="list-style-type: none"> Transforming into a Linked Automation plant that fully employs advanced IT technology 	<p>Social issues to be addressed under Long-Term Vision 2030 and direction of new business development for solving the issues</p> <p>(1) Creating a people-friendly society</p> <ul style="list-style-type: none"> Medical care, health, and aging Building infrastructure <p>(2) Building a safe and secure infrastructure for living</p> <ul style="list-style-type: none"> Sustainable economic growth Disaster prevention and urban development <p>(3) Creating an earth-friendly society</p> <ul style="list-style-type: none"> Global environment Resources and energy
		Changes to energy mix Transition to a decarbonized society	<ul style="list-style-type: none"> Expansion of the renewable energy infrastructure business Developing and gaining market share for improved environmentally friendly products (compact, lightweight, and low friction) Expanding sales of linear actuators as part of equipment electrification amid the transition away from hydraulic and pneumatic systems Expanding sales of V2X bi-directional EV charging systems (eLINK) 	<ul style="list-style-type: none"> Increasing sales through continuous development of SDG-oriented and carbon-neutral products Development and market launch of ICE-compatible new fuel products (e-fuel, hydrogen, etc.) Development and market launch of new personal mobility products Development and market launch of in-vehicle products for electric vehicles Development of Smart Motion Units Providing solutions for new automobile manufacturing plants Developing environmentally friendly plastics and incorporating them in products 	
		Technologies for energy saving and decarbonization	<ul style="list-style-type: none"> Increasing market share and improving profitability by steadily improving the Quality, Cost, Delivery, Safety, and Engagement (QCDS) elements of existing businesses Engendering trust by achieving climate change-related goals Improving external evaluations and trust from stakeholders through appropriate information disclosure 	<ul style="list-style-type: none"> Streamlining sales activities by introducing digital marketing Promoting technical collaborations for the development and acquisition of new technologies 	
		Evaluation and assessment	Changes in evaluations from stakeholders		
Physical Opportunities	Chronic damage	Rising temperatures Rising sea levels	<ul style="list-style-type: none"> Engaging in external public relations regarding improvement of the work environment and work style reforms Engaging in public relations regarding the workplace environment through automation of production process and remote operation Expanding sales of products for seawalls and waterproof doors in response to rising sea levels 	—	
		Acute damage	Abnormal weather (wind and flood damage)	<ul style="list-style-type: none"> Expansion of sales in the disaster preparedness market 	<ul style="list-style-type: none"> Development of agricultural technologies resilient to climate change (automation, plant factories)

E Environmental Management

Strategy

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

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

Both scenarios involve numerous risks and opportunities associated with climate change, which will impact net sales and profits both positively and negatively. The single most important issue for us could be considered to be how to minimize the risks and maximize the opportunities, and we have therefore formulated measures in response to risks and opportunities (refer to P45).

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

Risk Management

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

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

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

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

Indicators and Goals

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

The long-term target for CO₂ emissions is a 42% reduction compared to fiscal 2021, and the actual result in fiscal 2023 was a 19.4% reduction. As for the mid-term target by fiscal 2025, the domestic reduction target was 30% compared to fiscal 2013 and the actual result was 37.6%, while the overseas reduction target was 20% compared to fiscal 2018 and the actual result was 16.0%.

Relative to the previous fiscal year, in Japan, despite a strong focus on purchasing carbon-free power with a non-fossil certificate and carrying out various energy saving activities, production increased by 3.1%, leading to a 3.5% increase in CO₂ emissions. Overseas, while production increased, CO₂ emissions decreased by 3.2% due to the introduction of carbon-free electricity through measures such as installing solar panels, particularly in Europe and at sites under the jurisdiction of our Mobility Operations.

Indicators and Goals

Type	Indicator	Scope	Medium-term target (FY2025)	Long-term target (FY2030)*	Target for FY2050
Quantitative goals	Scope 1 and 2 emissions reduction rate	Domestic	30% (compared to FY2013)	42% (compared to FY2021)	Carbon neutral
		Overseas	20% or more (compared to FY2018)		
	Scope 3 emissions reduction rate	Global	—	25% for Categories 1 and 11 (compared to FY2021)	
	Ratio of renewable energy	Domestic	30% or more of electricity used	Set when formulating the next mid-term management plan	100% of electricity used
Qualitative goals	CDP climate change score	Global	A-	A	—

* This target was changed following SBT certification in 2023.

Initiatives for a Recycling-Oriented Society and Pollution Prevention

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

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

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

In fiscal 2023, the combined total amount of industrial and general waste was 4,871 tons, representing an increase of 1.4% year-on-year. However, the recycling rate improved by 1.6% year-on-year to reach the extremely high level of 98.6%.

In response to Japanese and international legislation concerning hazardous chemical substances, the Group identifies substances contained in the raw materials, parts,

Waste Emission and Recycling Rate

	FY2022	FY2023
Total waste	24,473t	25,218t
(Industrial and general waste)	4,802t	4,871t
(Sale of valuable resources)	19,671t	20,347t
Recycling rate (fiscal year average)	97.0%	98.6%

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

EcoFactory Certification System

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

Upon obtaining SBT certification in May 2023,

and other materials used. By also working with our customers to gain a detailed understanding of the usage of hazardous chemical substances and establish permissible levels, we continue to focus on reducing the use of such substances. In our Green Procurement Guidelines, we require our suppliers to reduce the use of hazardous chemical substances by specifying the applicable laws and regulations, identifying the substances, listing standard values, and other measures.

The Group surveys emissions of chemical substances specified by the Pollutant Release and Transfer Registers (PRTR) system and continuously works to reduce such substances in our production processes and switch to less hazardous substances.

To protect our water resources, the Group is engaged in a global effort to reduce our total water use and water use intensity. At our locations in Japan, we have adopted voluntary management values for each business location according to the management indicators identified in the EcoFactory Certification System and are taking steps to reduce our water use. In fiscal 2017, we began measuring water use at our business locations overseas and have adopted measures to reduce it.

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

FY2023 EcoFactory Certification

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

EcoFactory Certification Criteria

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

S Human Resource Management

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



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

Respect for Human Rights

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

entire Group.

In fiscal 2022, we conducted a self-check survey on human rights and labor at domestic and overseas Group companies (total of 31 companies). In fiscal 2023, we conducted a survey on human rights risks in our supply chain, targeting 246 major domestic suppliers (answered by 191 companies, 77.6% response rate). We will work together with our suppliers to take improvement measures to address risks that were highlighted in the survey.

Promotion of Diversity

The Group is building on its traditional work-focused emphasis on roles and results to promote reforms of its employee system with a focus on diversity. We strive to be a company where a variety of people can work positively and vigorously and with peace of mind while being fairly evaluated without regard to nationality, gender, or age.

Active Participation of Women

At Tsubakimoto Chain, we have been pioneers in introducing equal wages for men and women, and we have put in place a employee management system where women can comfortably continue to work even during and after life events such as pregnancy and childbirth. We are aiming to further increase the percentage of women at the Company (9.7% as of April 1, 2024) by actively encouraging applications from various high schools and universities. Simultaneously, we are enabling women to deepen their understanding of our working environment through efforts such as women introducing their jobs at explanatory meetings. Additionally, we are promoting the advancement of women by proactively providing opportunities for promotion to outstanding employees, irrespective of gender.

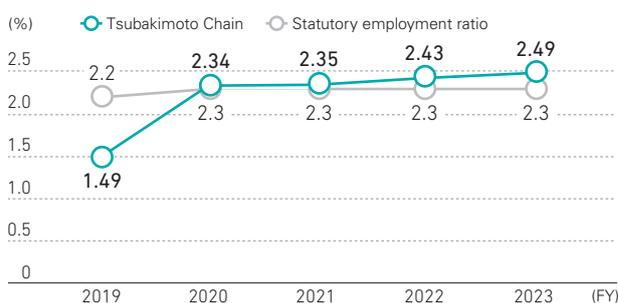
We are also providing active support for balancing work with childcare. We are creating an environment that makes it easier to take childcare leave by raising awareness of the childcare leave system within the Company and educating management-level employees, and are promoting work style reforms and other changes to create an environment

that facilitates women returning to work after giving birth. As a result, the rate of return to work after taking maternity/childcare leave in FY2023 was 92.3%. The number of male employees taking childcare leave increased significantly to 1.3 times that of the previous fiscal year (37 employees, with a leave acquisition rate of 41.6%).

Promotion of the Employment of People with Disabilities

We are striving to expand work duties available for people with disabilities and create an environment where they can work together with other employees. In 2020 we established a special subsidiary to promote the employment of people with disabilities, and we have been enhancing support systems and actively expanding employment opportunities for them. We are working to provide people with disabilities a wide range of work roles where they can use their individual attributes, including manufacturing, administrative work, facility maintenance and management, and health management. We will continue to position the

Ratio of Employees with Disabilities



employment of people with disabilities as central to our diversity efforts and link it to vitalization of the organization and fostering innovation.

Active Participation of Seniors

At Tsubakimoto Chain, in 2020, we introduced an Age 65 Retirement System, that extends the retirement age from 60 to 65 years old. With the introduction of this system, we have also improved our treatment of older employees and, as a result, have maintained a high retention rate of around 85%. We have enhanced our career training program for employees at the age of 50 to motivate more of our older

employees to continue working for us.

Expanding the Employment of Non-Japanese

We have been striving to expand the employment of non-Japanese employees with the aim of introducing diverse ways of thinking to stimulate innovation and business growth. Our target for fiscal 2030 is to employ 85 non-Japanese employees (as of the end of March 2024, we have 29 non-Japanese employees and one non-Japanese executive). We are also actively carrying out an initiative aimed at accepting interns from overseas universities.

Cultivation and Utilization of Human Resources

In developing human resources, we are investing in the people who will drive our business toward achieving the goals of our Long-Term Vision 2030, focusing on training digital transformation employees and next-generation management leaders in line with our business strategies, implementing a global human resources training program, and taking other active steps to create opportunities.

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

Cultivation of Entry-Level Engineers

Opened in 1998 with the aim of passing on expertise to the next generation and reinforcing technical skills, the Tsubaki Techno School conducts practical training using our original curriculum. We are also developing digital transformation human resources by incorporating new technological fields into the curriculum.

Besides this training, we are, through a Technology Forum at which departments present their latest technologies, widening opportunities for employees to share ideas, interact, and engage in co-creation in a way that transcends departments.

Improvement of Monozukuri Skills

The Group is making efforts to pass down and reinforce

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

Cultivation of Global Human Resources

In fiscal 2023, the Tsubaki Group's total net sales that came from outside Japan grew to 65.1% and the ratio of Group employees working at locations outside Japan grew to 51.2%. The cultivation and strengthening of globally minded human resources is therefore a task of extreme importance for the Group. In addition to a global trainee system that allows entry-level Japanese employees to be assigned to subsidiaries outside Japan for one year of training, we are striving to cultivate our pool of personnel who can work globally through global training for entry-level employees and customized global employee training programs. We are also actively accepting assigned employees from overseas Group companies to strengthen employees' technical skills and foster mutual understanding.



Global training

Human Resources Training System

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

S Human Resource Management

Improving Employee Engagement

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

Communication between Senior Management and Employees

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

Supporting Employees' Participation in Business

In fiscal 2022, we launched T-Startup, a new business proposal contest. In this internal venture system, we collect submissions of new business proposals from employees. If a proposal passes the judges, screenings, the employee who submitted the proposal becomes the leader of a project to develop the proposal into an actual business. In fiscal 2023, the second year, we received 65 proposals from Tsubaki employees in Japan and overseas, and the teams that made it through to the second screening gave presentations on their respective proposals, which were live streamed online. As a result, two business proposals were selected as the seeds of projects to be commercialized. Progress on the four commercialization projects that began in fiscal 2022 was reported and shared internally at our presentation of new business development topics. In addition to creating new businesses, the system is a way to boost employees' motivation and encourage them to take on new

challenges in the Company.

Employee Awareness Survey

Tsubakimoto Chain has been implementing a survey of employee awareness once every two years. The survey is for Tsubakimoto Chain employees in Japan, and includes nine items. We regularly monitor the progress of our employees and the organization through this survey. The results are reported within the Company to ensure that our organizational operations reflect the voices of our employees, with the goal of creating a better working environment. In fiscal 2022, job satisfaction (3) was 49.8%, a 2.3% increase from fiscal 2020, and satisfaction toward the Company (8) was 57.0%, a 2.1% increase.

Survey items (broad categories)	(1) Workplace environment (2) Workplace atmosphere (3) Job satisfaction (4) Guidance and evaluation of employees (5) Awareness of management policies (6) Tsubaki brand (7) Initiatives for SDGs (8) Satisfaction toward the Company (9) Work style
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As part of our environmental improvements, the following measures were implemented in fiscal 2023.

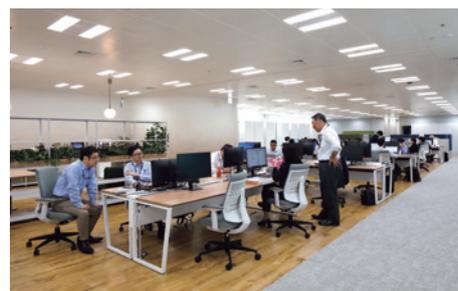
- Amended the rules for travel expenses to reflect employees' wishes
- Revitalized the in-house recruitment system aimed at promoting career autonomy
- Reinforced evaluator training for new management positions to optimize subordinate instruction and evaluation
- Introduced a work-from-home system (promoting flexible working styles, support for balancing child care and nursing care with work, etc.)



Presentation of new business development topics under T-Startup, our new business proposal contest (held in March 2024)



ONE TSUBAKI, our PR portal site



Renovating our office to enable people to mingle

Creating Safe and Secure Workplaces

Health and Safety Management System

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

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

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

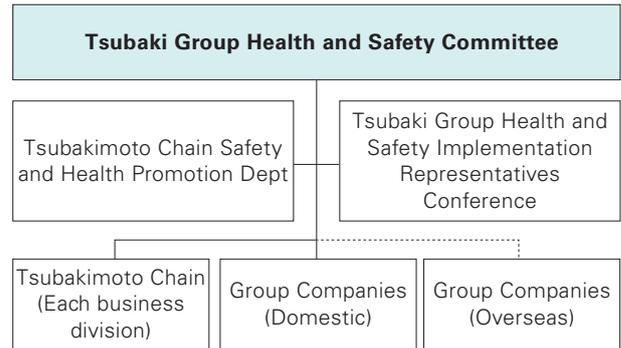
Safe-Person Cultivation Initiatives

In fiscal 2023, we conducted a priority initiative for risk experience training aimed at improving risk sensitivity among working persons. These experiences are intended to improve risk sensitivity. The group leader and assistant manager at each business site served as the instructor,

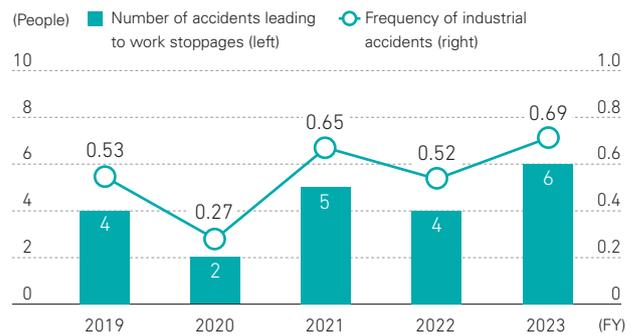
with the additional goal of developing new workplace leaders (training → sharing).

Activities are being continuously carried out to train as many safety-oriented personnel as possible, and achieve zero serious accidents within the Group.

System for Health and Safety Management



Industrial Accidents (Domestic)



Promotion of Health and Productivity Management

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

In fiscal 2023, we conducted active health and productivity management activities in cooperation with the health insurance society and labor union. In addition to thorough follow-ups after regular health checkups to enable early detection and disease prevention, we enhanced our mental healthcare, carried out awareness

activities about smoking cessation, provided health literacy education, and offered healthy menus at the cafeteria in each plant. In recognition of these initiatives, we received certification as a 2024 Certified Health and Productivity Management Outstanding Organization.

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



Healthy menus at plant cafeterias



Supply Chain Management

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



Promotion of Sustainable Procurement



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

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

Initiatives for Sustainable Procurement

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

We have implemented both a self-assessment questionnaire (SAQ) and human rights due diligence as an online survey for our major suppliers to check the

status of their sustainability and human rights practices since fiscal 2023. The results of the 2023 survey did not reveal any serious concerns, and we have verified that each of our suppliers is proactively carrying out their sustainability practices.

We will gradually expand the scope of the survey and provide support to resolve issues found in it.

Carbon Neutrality Initiatives and Promotion of Green Procurement

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



Briefing on the revised Supplier Sustainability Guidelines

Requests Concerning Green Procurement

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

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



Quality Management

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



Quality Management



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

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

System for Promoting Quality Management

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

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

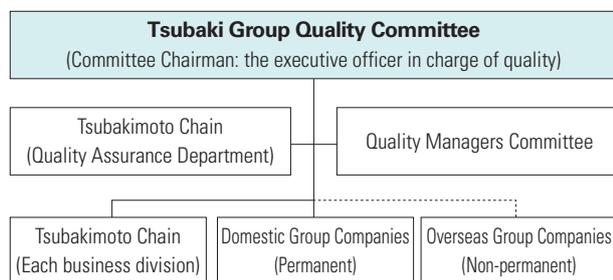
from a third-party perspective, formulates Group quality guidelines, and implements cross-organizational activities to improve quality. Through such methods, we aim not only for zero defects in quality but also to strengthen our system and adhere to our promises to our customers. In doing so, we are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

Initiatives for Providing Safe and Reliable Products

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

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

System for Promoting Quality Management



Excellent Supplier Awards Received from Automobile Manufacturers

In our Mobility Operations, we have received excellent supplier awards from global automobile manufacturers in recognition of our quality, delivery, and service performance.

In fiscal 2023, our Thailand subsidiary received the “2023 TPS Activity The Winner: Advance Group” award from the Toyota Co-operation Club. In addition, a total of 14 supplier awards have been received by Group companies in China, South Korea, the UK, and the US.



G Corporate Governance

The Tsubaki Group regards enhancing corporate governance as one of its most important management tasks for creating value for customers and contributing to society.

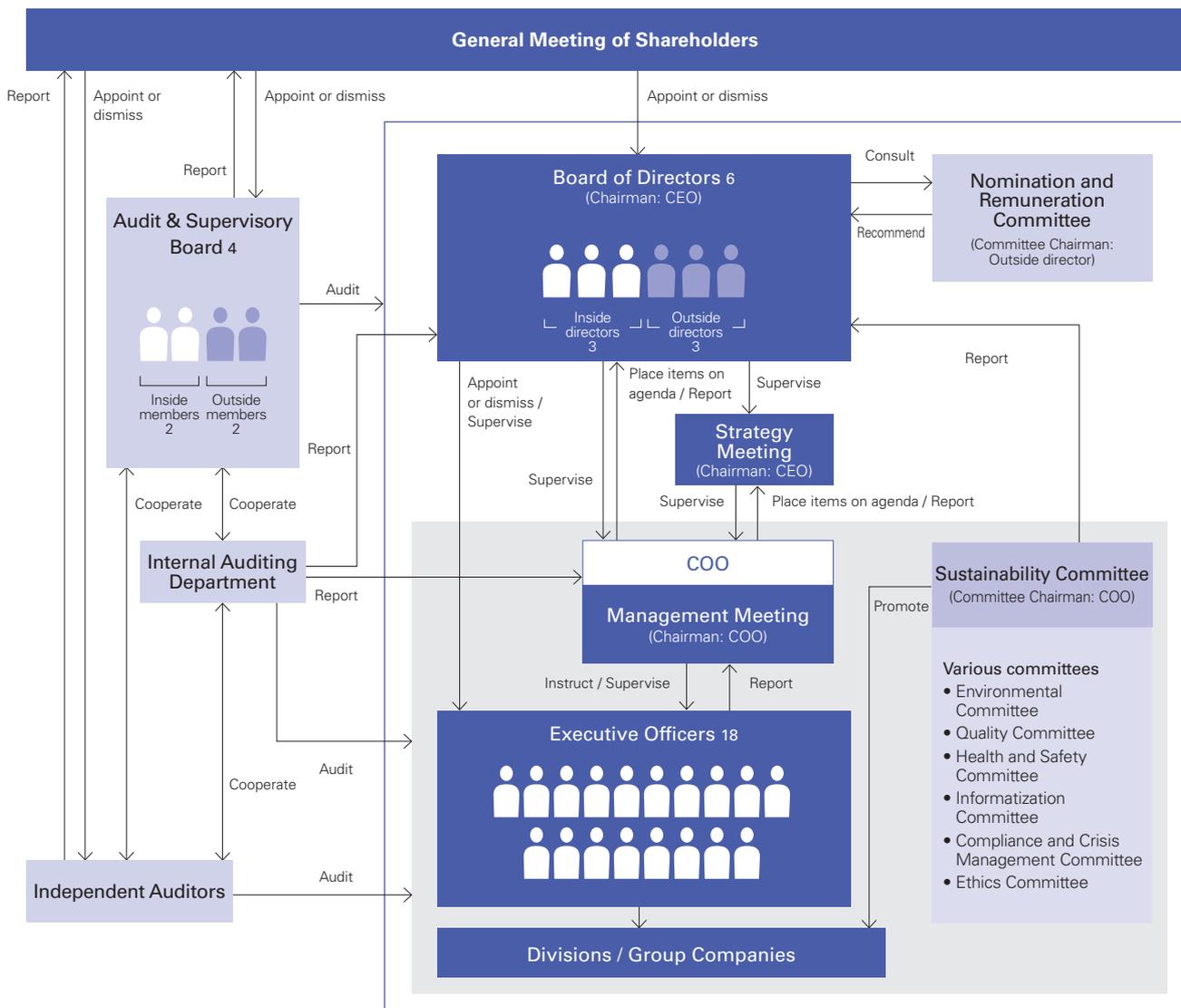
 Please refer to our website for details on our Basic Corporate Governance Policy and other governance-related matters.
<https://tsubakimoto.com/sustainability/governance/corporate/>

Promotion System

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

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

Corporate Governance Structure



Overview of Corporate Governance Structure

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

Number of independent Board members	3 outside directors and 2 outside Audit & Supervisory Board members
Number of meetings of the Board of Directors	14 (fiscal year ended March 31, 2024)
Number of meetings of the Audit & Supervisory Board	17 (fiscal year ended March 31, 2024)
Number of meetings of the Nomination and Remuneration Committee	4 (fiscal year ended March 31, 2024)

Changes to Strengthen Governance

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

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

Establishment of a Nomination and Remuneration Committee

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

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

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

Outside Directors

Name	Reason for appointment	Attendance at meetings of the Board of Directors (FY2023)
Keiichi Ando	Based on his wealth of knowledge and experience as a director of financial institutions, etc., the Company appointed Mr. Ando to provide appropriate supervision of management, including by providing accurate advice in the areas of finance and corporate governance.	Attended 13 out of 14 meetings
Hisae Kitayama	Based on her wealth of experience as a certified public accountant in an auditing firm, the Company appointed Ms. Kitayama to provide appropriate supervision of management, including by providing accurate advice in the fields of finance and accounting.	Attended 13 out of 14 meetings
Takashi Tanisho	Based on his wealth of experience as a representative director at Hitachi Zosen Corporation (now Kanadevia Corporation), the Company appointed Mr. Tanisho to provide appropriate supervision of management, including by providing accurate advice in the fields of manufacturing, technology and business strategy.	Attended all 11 meetings (For appointment on June 29, 2023)

Outside Audit & Supervisory Board Members

Name	Reason for appointment	Attendance at meetings of the Board of Directors and the Audit & Supervisory Board (FY2023)	
		Board of Directors	Audit & Supervisory Board
Hidefumi Naito	Based on his experience from his many years as a lawyer and his high level of specialized knowledge regarding corporate legal affairs, the Company appointed Mr. Naito to receive appropriate auditing of its management. We believe that, going forward, he will audit the Company from a specialist's point of view as well as from an objective and neutral standpoint.	Attended all 14 meetings	Attended all 17 meetings
Kiyotaka Kawasaki	Based on his experience from his many years as a lawyer and his high level of specialized knowledge regarding corporate legal affairs, the Company appointed Mr. Kawasaki to receive appropriate auditing of its management. We believe that, going forward, he will audit the Company from a specialist's point of view as well as from an objective and neutral standpoint.	— (For appointment on June 27, 2024)	

G Corporate Governance

Evaluation of the Effectiveness of the Board of Directors

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

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

At the previous evaluation, the opinion was presented that we should further expand reporting and discussion at Board of Directors' meetings on items such as the policy for medium- and long-term allocation of management resources, our global management personnel training policy, the diversification of management, and risk management. To implement these improvements, we are continuing to

expand the provision of information through various meetings, including Board of Directors information exchange meetings, opinion exchange meetings, and Mid-Term Management Plan 2025 progress report meetings, and are also striving for improvements to ensure that various opinions at investor explanation meetings and the necessary reporting from each committee is handled appropriately.

As a result, all items are generally on a path toward improvement, however, numerous significant opinions have been expressed, indicating that we should continue to expand discussion and reporting related to medium- and long-term management policies and strategies in these areas. We will continue to examine improvements to further enhance the effectiveness of the Board of Directors.

Compensation for the Directors and Audit & Supervisory Board Members

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

Inside Directors

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

compensation, which is non-monetary compensation.

Outside Directors

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

Audit & Supervisory Board Members

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

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

Executive category	Total compensation amount (millions of yen)	Total amount of each type of compensation (millions of yen)			Number of applicable personnel
		Fixed compensation	Performance-based compensation	Non-monetary compensation (Restricted stock compensation)	
Directors (Outside directors)	206 (25)	137 (25)	52	17	7 (4)
Audit & Supervisory Board members (Outside Audit & Supervisory Board members)	60 (12)	60 (12)	—	—	4 (2)

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

* The above includes one director whose term of service concluded at the 114th Annual General Meeting of Shareholders held on June 29, 2023.

Internal Control System

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

Internal Control Initiatives Stipulated by the Companies Act

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

Internal Control Initiatives Described in the Financial Instruments and Exchange Act

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

As overseas sales have increased, the number of

overseas subsidiaries covered by these initiatives has increased. For this reason, with the aim of quickly introducing these initiatives at overseas subsidiaries, we are taking steps toward establishing related materials for and sharing expertise with overseas subsidiaries while concentrating efforts on enhancing the efficiency and accuracy of evaluations.



Internal control meeting at an overseas subsidiary

Internal Control Initiatives Conducted by the Group on a Voluntary Basis

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

Cross-Shareholdings

Policy and Principles for Reduction of Cross-Shareholdings

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

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

and risks due to fluctuations in the stock's market value, dividend income, and other economic rationale, then selling off stocks at an appropriate time if a rational basis for continuing to hold the stock cannot be determined.

Decision Process for Cross-Shareholdings

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

Criteria for Exercising Voting Rights Related to Cross-Shareholdings

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



Compliance and Risk Management

The Tsubaki Group has formulated the Code of Corporate Ethics as a code of conduct, and works to raise awareness of and spread information on these matters through activities, training, and other initiatives to strengthen corporate ethics. Additionally, guided by our Risk Management Policy, we strive to prevent the actualization of risks and minimize possible losses by identifying and understanding various risk factors.



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

Implementation and Spread of Compliance

Implementation and Spread of Compliance

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

Corporate Ethics Awareness Month

We have designated February of every year as our Corporate Ethics Awareness Month, in which domestic and overseas Group companies participate (51 companies in fiscal 2023). We carried out ethics awareness programs centered on workplace meetings in Japan and seminars and e-learning-based training overseas.

Number of Companies that Participated in Corporate Ethics Awareness Month (FY)

2019	2020	2021	2022	2023
51	24	32	29	51

Compliance Training

The Group has issued the Tsubaki Compliance Handbook as a tool to spread the Code of Corporate Ethics. This Handbook is intended to facilitate an understanding and awareness of the Code of Corporate Ethics among employees, and provides specific examples and explanations of how to act ethically in daily work and life.

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

Ethics Committee

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

Establishment of a Consultation and Reporting Helpline

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

Risk Management System and Activities

Promotional System

The Group has established several committees regarding corporate ethics, information security, the environment, quality, health and safety, and compliance and crisis management under the supervision of the Sustainability Committee in order to promote effective and efficient risk management. These committees promote risk

countermeasures on a Groupwide basis by coordinating among one another to advance various ongoing measures geared toward identifying and evaluating risk factors as well and preventing them from occurring.

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

Major Risks, Impact and Countermeasures

Risk	Description	Degree of impact	Action
Management Environment	Market environment fluctuation risk	Medium to serious	<ul style="list-style-type: none"> Develop products specialized for market needs
	Climate change-related risks	Medium to serious	<ul style="list-style-type: none"> Analyze the impact of climate change and identify risks and opportunities, then decide on and implement countermeasures for each Establish an action plan to reduce CO₂ emissions, and then have the entire Group, centered on the Environmental Committee, implement the PDCA cycle with respect to all initiatives
	Global geopolitical risks associated with overseas business development	Medium to serious	<ul style="list-style-type: none"> Strengthen global production system, and reduce risks resulting from the dispersion of production bases and procurement partners
	Exchange rate fluctuation risks	Low to medium	<ul style="list-style-type: none"> Use exchange contracts and move forward with the localization of production and procurement
Business Operation	Quality-related risks	Medium to serious	<ul style="list-style-type: none"> In accordance with the Tsubaki Group Basic Quality Policy, promote thorough quality control and pursue high quality centered on the Tsubaki Group Quality Committee
	Information security-related risks	Medium to high	<ul style="list-style-type: none"> Based on the Electronic Information Security Policy, implement technical countermeasures, educate our employees, and carry out periodic audits of information security, as well as introduce vulnerability assessments by a third-party organization Build a system of cybersecurity countermeasures for when incidents occur
	Human rights-related risks	Medium to high	<ul style="list-style-type: none"> Set a Corporate Ethics Enhancement Month, and carry out compliance awareness-raising programs in domestic and overseas Group companies Clearly state the Basic Human Rights Policy, set up a helpline, and promote harassment prevention activities Implement human rights due diligence in domestic and overseas Group companies, and identify risks
	Supply chain-related risks	Medium to serious	<ul style="list-style-type: none"> Move forward with the diversification of suppliers by sharing information about procurement partners among Group companies, and making combined orders for non-substitutable materials, parts and other items Strengthen partnerships with procurement partners
	Risk of skyrocketing prices of energy and raw materials	Medium to high	<ul style="list-style-type: none"> Reduce cost prices by improving productivity, and move forward with securing multiple procurement partners Negotiate with suppliers and customers so that we can set purchase and sale prices that reflect the market condition of the time
	Risk of disasters and pandemic outbreaks, etc.	Medium to high	<ul style="list-style-type: none"> Implement disaster preparedness training and stockpile disaster prevention and mitigation equipment, in accordance with the Tsubaki Group Basic BCP Strategy Reinforce the BCP structure, centered on the Compliance and Crisis Management Committee
	Risk of intellectual property infringements	Medium to high	<ul style="list-style-type: none"> Prepare provisions, and collect information on other companies in relation to intellectual property rights Ensure proper management of the Company's rights (including know-how)

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

(As of June 27, 2024)



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

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

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

Directors

A Kenji Kose

Chairman and CEO, Representative Director

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

D Keichi Ando

Outside Director

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

B Takatoshi Kimura

President and COO, Representative Director

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

* Now Tsubakimoto Chain (Shanghai) Co., Ltd.

E Hisae Kitayama

Outside Director

October 1982	Joined Asahi Accounting Company*
March 1986	Registered as a Certified Public Accountant
May 1999	Partner, Asahi Accounting Company*
July 2013	Managing Executive Director, KPMG AZSA LLC
June 2019	Chair, Kinki Chapter of Japanese Institute of Certified Public Accountants
July 2019	Senior Executive Director, KPMG AZSA LLC
July 2019	Deputy Chair, Japanese Institute of Certified Public Accountants
June 2020	Outside Director, the Company (present)
July 2020	Established Kitayama Public Accounting Office Representative (present)
March 2021	Outside Director (Member of the Audit Committee), EBARA CORPORATION
April 2021	Specially Appointed Professor, Graduate School, University of Hyogo (present)
June 2022	Outside Audit & Supervisory Board Member, Daicel Corporation (present)
March 2023	Outside Director (Chairperson of the Audit Committee), EBARA CORPORATION (present)

* Now KPMG AZSA LLC

C Masaki Miyaji

Director

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

F Takashi Tanisho

Outside Director

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

* Now Kanadevia Corporation

Audit & Supervisory Board Members

G Koji Tanaka

Audit & Supervisory Board Member

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

H Kazuya Kawasaki

Audit & Supervisory Board Member

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

I Hidefumi Naito

Outside Audit & Supervisory Board Member

March 1990	Registered as an attorney (Osaka Bar Association) Joined Kitahama Partners
October 1997	Resigned from Kitahama Partners
April 2000	Established Naito Law Office Representative Attorney (present)
April 2012	Vice President, Osaka Bar Association
June 2017	Outside Audit & Supervisory Board Member, the Company (present)

J Kiyotaka Kawasaki

Outside Audit & Supervisory Board Member

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

*Now Midosuji LPC

Executive Officers

■ Senior Managing Executive Officer

Yasushi Nagai

■ Managing Executive Officers

Kazutomo Nakamura

Hisao Nishii

Masafumi Okamoto

Isao Sato

■ Senior Executive Officers

Kevin Richard Powers

Toshihiro Ageta

Hiroshi Ishida

Nobuaki Haga

Futoshi Tanyama

■ Executive Officers

Atsushi Kumakura

Masayoshi Fujimura

Katsuya Nakakubo

Osamu Kawakami

Yasuhiro Akesaka

Takao Maeda

Atsushi Saeki

Nobuhiko Yoshimura

Eleven-Year Selected Financial and Non-Financial Data

For the Year (Millions of yen)

	FY2013	FY2014	FY2015
Net sales	178,022	196,738	203,976
Operating income	17,354	21,427	21,570
Ordinary income	17,993	22,263	22,109
Profit attributable to owners of parent	10,213	14,153	12,766
Capital expenditures	11,372	10,466	15,677
Depreciation and amortization	8,745	9,476	10,402
R&D costs	4,061	4,048	4,300
Net cash provided by operating activities	19,761	22,189	19,090
Net cash used in investing activities	(17,166)	(14,306)	(13,593)
Net cash (used in) provided by financing activities	(3,196)	(2,647)	(5,476)
Cash and cash equivalents at end of the year	21,291	27,360	26,422

At Year-End (Millions of yen)

Total assets	228,840	258,742	254,106
Shareholders' equity	118,433	140,439	142,041
Interest-bearing debt	36,538	36,907	34,817
Net interest-bearing debt	15,246	9,547	8,394

Indexes

Operating income ratio (%)	9.7	10.9	10.6	
ROE* ¹ (%)	9.3	10.9	9.0	
Equity ratio* ² (%)	51.8	54.3	55.9	
D/E ratio (net)* ³ (Times)	0.13	0.07	0.06	
Profit attributable to owners of parent per share* ⁴ (Yen)	54.58	75.65	68.24	
Net assets per share* ⁴ (Yen)	632.94	750.63	759.27	
Dividends per share* ⁴ (annual)	10	16	20	
Dividend payout ratio (consolidated) (%)	18.3	21.2	29.3	
Overseas sales ratio (%)	53.2	54.0	54.5	
CO ₂ emissions (t-CO ₂ /year)* ^{5, 6}	Major manufacturing bases in Japan	64,782	76,371	75,464
	Global	—	—	—
CO ₂ emissions (t-CO ₂) (Per million yen of output)* ^{5, 6}	—	—	—	
Employees* ⁷	7,068	7,398	7,579	

Amounts less than one million yen have been truncated.

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

*² Equity ratio = Shareholders' equity ÷ Total assets

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

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

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

*⁵ In accordance with the acquisition of SBT certification, as of fiscal 2021, the scope of calculation has been changed to calculation on a consolidated basis (from fiscal 2013 to fiscal 2020, the scope of calculation was the Group's 11 major manufacturing bases in Japan).

*⁶ The CO₂ emission factor for electric power uses the Emission Factors by Electric Utility Operator published by the Ministry of the Environment.

*⁷ Including contracted staff, temporary staff, etc.

FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
198,762	215,716	238,515	226,423	193,399	215,879	251,574	266,812
21,647	20,694	21,789	16,146	8,896	17,842	18,985	21,262
22,004	21,743	21,621	16,698	11,026	20,045	20,958	23,450
14,596	14,666	13,779	11,576	8,706	14,543	13,742	18,551
13,995	18,116	15,765	14,388	8,290	8,591	9,288	13,581
10,342	11,005	12,366	12,739	12,682	12,694	13,299	13,883
4,341	4,495	4,505	4,714	4,288	5,199	5,696	6,346
25,434	27,657	24,197	20,275	27,890	21,000	21,352	38,580
(13,420)	(17,389)	(32,088)	(14,241)	(9,560)	(9,075)	(9,279)	(9,161)
(4,084)	(13,191)	12,679	(10,385)	(4,354)	(7,780)	(9,963)	(15,695)
34,142	31,712	36,087	31,378	46,084	52,888	56,978	74,655
267,215	285,952	305,916	294,098	307,332	332,620	345,878	391,298
152,473	167,916	173,734	174,360	185,791	207,756	224,398	258,400
34,634	26,581	43,772	41,509	41,168	37,870	33,785	28,713
493	(5,131)	7,685	10,130	(4,916)	(15,018)	(23,192)	(45,942)
10.9	9.6	9.1	7.1	4.6	8.3	7.5	8.0
9.9	9.2	8.1	6.7	4.8	7.4	6.4	7.7
57.1	58.7	56.8	59.3	60.5	62.5	64.9	66.0
0.00	(0.03)	0.04	0.06	(0.03)	(0.07)	(0.10)	(0.18)
78.03	387.44	364.03	308.71	235.23	392.88	371.12	511.65
815.10	4,435.96	4,590.06	4,711.34	5,019.35	5,612.28	6,059.46	7,207.24
24	24	120	120	75	120	130	160
30.8	31.0	33.0	38.9	31.9	30.5	35.0	31.3
54.9	55.5	59.4	57.4	56.7	59.0	63.3	65.1
74,509	74,602	67,238	57,414	50,624	—	—	—
—	—	—	—	—	104,171	83,991	83,955
—	—	—	—	—	0.483	0.334	0.315
7,886	8,358	8,818	8,733	8,535	8,566	8,691	8,750

Performance by Segment and Region

Performance by Business Segment (Millions of yen)

		FY2013	FY2014	FY2015
Chain Operations	Order acceptance	54,788	60,530	63,168
	Backlog	7,409	7,932	8,215
	Net sales* ¹	55,828	61,721	63,998
	Operating income	3,763	5,002	6,172
	Operating income ratio (%)	6.7	8.1	9.6
Motion Control Operations * ³	Order acceptance	22,025	22,389	21,745
	Backlog	3,072	3,361	3,464
	Net sales* ¹	21,612	22,557	21,975
	Operating income	2,273	2,400	2,428
	Operating income ratio (%)	10.5	10.6	11.0
Mobility Operations * ⁴	Order acceptance	60,785	66,279	74,235
	Backlog	867	169	931
	Net sales* ¹	60,674	66,978	73,473
	Operating income	10,119	11,916	12,258
	Operating income ratio (%)	16.7	17.8	16.7
Materials Handling Operations	Order acceptance	40,194	44,627	43,460
	Backlog	18,023	17,926	16,876
	Net sales* ¹	39,565	45,169	44,354
	Operating income	1,192	1,940	659
	Operating income ratio (%)	3.0	4.3	1.5
Others * ²	Order acceptance	1,895	2,258	2,165
	Backlog	167	265	88
	Net sales* ¹	2,719	2,968	3,186
	Operating income	63	123	84
	Operating income ratio (%)	2.3	4.2	2.6
Total	Order acceptance	179,689	196,086	204,776
	Backlog	29,540	29,655	29,576
	Net sales* ¹	178,022	196,738	203,976
	Operating income	17,354	21,427	21,570
	Operating income ratio (%)	9.7	10.9	10.6

Performance by Geographic Segment (Millions of yen)

Japan	Net sales* ¹	110,585	119,349	121,347
	Operating income	9,234	12,694	12,621
Americas	Net sales* ¹	43,551	48,749	51,671
	Operating income	3,964	4,162	4,496
Europe	Net sales* ¹	22,056	26,545	24,219
	Operating income	471	890	531
Indian Ocean Rim	Net sales* ¹	9,741	10,718	12,626
	Operating income	1,384	1,385	1,680
China	Net sales* ¹	11,044	14,062	16,494
	Operating income	954	1,008	273
South Korea and Taiwan	Net sales* ¹	5,011	7,115	8,578
	Operating income	372	258	405

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

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

*3 Power Transmission Units and Components Operations has been renamed Motion Control Operations from the fiscal year ending March 31, 2022.

*4 Automotive Parts Operations has been renamed Mobility Operations from the fiscal year ending March 31, 2022.

FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
60,999	69,728	68,198	65,055	61,529	81,301	89,051	88,033
9,789	13,546	11,427	10,619	12,966	23,177	25,158	22,772
60,600	67,338	72,023	67,526	61,312	74,174	90,096	94,151
7,102	8,502	10,292	8,406	7,862	11,005	13,687	16,396
11.7	12.6	14.3	12.4	12.8	14.8	15.2	17.4
21,576	25,043	25,251	22,665	17,433	22,853	23,869	21,265
3,732	5,148	5,277	4,628	4,166	7,788	9,099	8,505
21,563	24,156	25,591	23,813	18,024	19,906	23,316	22,731
2,218	3,060	3,340	2,189	747	1,129	1,710	660
10.3	12.7	13.1	9.2	4.1	5.7	7.3	2.9
75,197	79,377	78,940	70,895	59,732	66,199	77,694	84,571
982	814	762	707	1,146	1,319	1,767	1,768
75,147	79,545	78,992	70,949	59,450	66,027	77,275	84,616
12,385	10,258	8,734	5,791	3,782	6,568	6,376	7,815
16.5	12.9	11.1	8.2	6.4	9.9	8.3	9.2
42,826	46,770	59,054	67,968	48,256	59,279	64,487	66,332
18,716	22,044	27,631	31,457	26,446	30,973	35,727	38,791
41,043	44,187	61,827	64,212	53,618	55,728	60,973	65,312
706	416	402	647	(2,202)	799	(888)	(1,165)
1.7	0.9	0.7	1.0	—	1.4	—	—
2,455	2,826	2,751	2,810	3,012	2,905	2,624	2,688
163	181	313	346	121	627	687	635
3,001	3,331	3,548	3,542	3,941	3,074	3,200	3,404
(1)	(41)	(43)	20	(330)	(442)	(534)	(944)
—	—	—	0.6	—	—	—	—
203,056	223,747	234,196	229,394	189,875	232,540	257,727	262,892
33,385	41,735	45,413	47,760	44,846	63,885	72,440	72,473
198,762	215,716	238,515	226,423	193,399	215,879	251,574	266,812
21,647	20,694	21,789	16,146	8,896	17,842	18,985	21,262
10.9	9.6	9.1	7.1	4.6	8.3	7.5	8.0
117,795	125,380	127,439	120,621	104,416	118,089	122,196	123,946
11,351	12,231	12,702	9,224	4,577	8,772	7,946	6,536
50,830	52,862	67,462	63,371	53,473	59,484	80,097	89,817
4,853	3,034	2,664	1,719	-666	3,026	3,879	6,168
23,181	25,620	27,779	25,321	20,267	24,409	30,849	34,899
687	176	187	-77	897	1,255	1,675	3,079
12,763	14,850	17,488	16,639	12,752	16,539	20,128	21,612
1,744	2,138	2,837	1,961	1,215	1,970	2,352	2,523
18,186	22,251	22,946	20,523	19,682	22,311	24,012	20,737
925	864	1,175	1,069	1,280	1,686	1,375	168
8,378	9,684	9,440	9,661	8,054	10,019	11,062	11,903
273	471	314	400	-47	312	291	237

Principal Tsubaki Group Companies

(As of March 31, 2024)

Japan

Tsubakimoto Custom Chain Co.

Tsubakimoto Sprocket Co.

Tsubaki Yamakyu Chain Co.

Tsubakimoto Iron Casting Co.

Shinko Machinery Co., Ltd.*

Tsubakimoto Bulk Systems Corp.

Tsubakimoto Mayfran Inc.

Tsubakimoto Machinery Co.

Nexa Ware Co. Ltd.*

Tsubaki Support Center Co.

5 other companies

Americas

U.S. Tsubaki Holdings, Inc.

U.S. Tsubaki Power Transmission, LLC

U.S. Tsubaki Automotive, LLC

U.S. Tsubaki Material Handling, LLC

U.S. Tsubaki Industrial, LLC

Tsubaki Kabelschlepp America, Inc.

Tsubaki Brasil Equipamentos Industriais Ltda.

Central Conveyor Company, LLC

Central Process Engineering, LLC

Central Industrial, LLC

Electrical Insights, LLC

KCI, Incorporated

TSUBAKI ATR, LLC

Tsubaki of Canada Limited

Mayfran International, Incorporated

Conergics International, LLC

Press Room Techniques Co.

Tsubakimoto Automotive Mexico S.A. de C.V.

2 other companies

Europe

Tsubakimoto Europe B.V.

Tsubakimoto UK Ltd.

Tsubaki Deutschland GmbH

Tsubaki Automotive Czech Republic s.r.o.

Tsubaki Iberica Power Transmission S.L.

Tsubaki Kabelschlepp GmbH

Kabelschlepp GmbH-Hünsborn

Kabelschlepp Italia S.R.L.

Metool Products Limited

Kabelschlepp France S.A.R.L.

Kabelschlepp Systemtechnik spol. s.r.o.

Mayfran U.K. Limited

Mayfran GmbH

Mayfran Limburg B.V.

Mayfran International B.V.

Mayfran France S.A.R.L.

Kabelschlepp SP.Z.O.O.

1 other company

Indian Ocean Rim

Tsubakimoto Singapore Pte. Ltd.

PT. Tsubaki Indonesia Manufacturing

PT. Tsubaki Indonesia Trading

Tsubaki Power Transmission (Malaysia) Sdn. Bhd.

Tsubakimoto (Thailand) Co., Ltd.

Tsubakimoto Automotive (Thailand) Co., Ltd.

Tsubaki India Power Transmission Private Limited

Tsubaki Conveyor Systems India Private Limited*

Kabelschlepp India Private Limited

Tsubakimoto Vietnam Co., Ltd.

Tsubakimoto Philippines Corporation

Tsubaki Australia Pty. Limited

1 other company

China

Tsubakimoto Chain (Shanghai) Co., Ltd.

Tsubaki Motion Control (Shanghai) Co., Ltd.

Tsubakimoto Automotive (Shanghai) Co., Ltd.

Tsubaki Everbest Gear (Tianjin) Co., Ltd.

Tsubakimoto Chain (Tianjin) Co., Ltd.

Tsubakimoto Bulk Systems (Shanghai) Corp.

Kabelschlepp China Co., Ltd.

Tianjin Tsubakimoto Conveyor Systems Co., Ltd.

Tsubaki CAPT Power Transmission (Shijiazhuang) Co., Ltd.*

2 other companies

South Korea and Taiwan

Taiwan Tsubakimoto Co.

Taiwan Tsubakimoto Trading Co., Ltd.*

Tsubakimoto Automotive Korea Co., Ltd.

Tsubakimoto Korea Co., Ltd.

1 other company

* indicates a non-consolidated subsidiary.

Corporate Data and Stock Information

(As of March 31, 2024)

Corporate Data

Company Name	Tsubakimoto Chain Co.	Number of Consolidated Subsidiaries	65
Date of Foundation	December 1917	Number of Unconsolidated Subsidiaries	9
Date of Incorporation	January 31, 1941	Number of Affiliates	8 (including 2 equity-method affiliates)
Paid-In Capital	¥17,076 million	Number of Employees* (Consolidated)	8,750
Headquarters	3-3-3, Nakanoshima, Kita-ku, Osaka 530-0005, Japan	Manufacturing Facilities	Kyotanabe, Saitama, Nagaokakyo, Hyogo, Okayama
Phone	+81 (6) 6441-0011 (Reception)	Branch Offices	Tokyo, Nagoya, Osaka, DX & IT (Ikebukuro, Tokyo)
Fiscal Year-End	March 31	Sales Offices	Omiya, Toyota, North Osaka, Hiroshima, Kyushu

* Including contracted staff, temporary staff, etc.

Stock Information

Shareholder Register	Sumitomo Mitsui Trust Bank, Limited
Stock Listing	Tokyo Stock Exchange (Prime Market)
Common Stock	
Authorized:	59,800,000 shares
Issued:	37,081,393 shares
Number of Shareholders	11,249

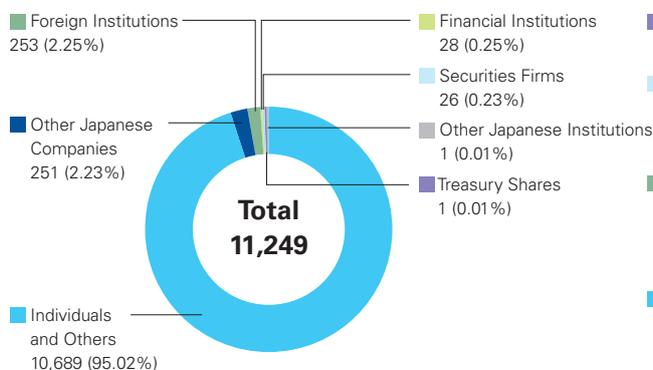
Major Shareholders (Top 10)

Name	Number of Shares Held (Thousands)	Percentage of Total Shares Issued (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	3,849	10.74
Taiyo Life Insurance Company	3,203	8.94
Tsubakimoto Chain Kyoekai Members Stock Ownership Association	1,629	4.55
Nippon Life Insurance Company	1,379	3.85
Custody Bank of Japan, Ltd. (Trust account)	1,341	3.74
Tsubakimoto Kogyo Co., Ltd.	1,158	3.23
Sumitomo Mitsui Banking Corporation	1,000	2.79
STATE STREET BANK AND TRUST COMPANY 505001	709	1.98
Resona Bank, Limited	667	1.86
Government of Norway	651	1.82

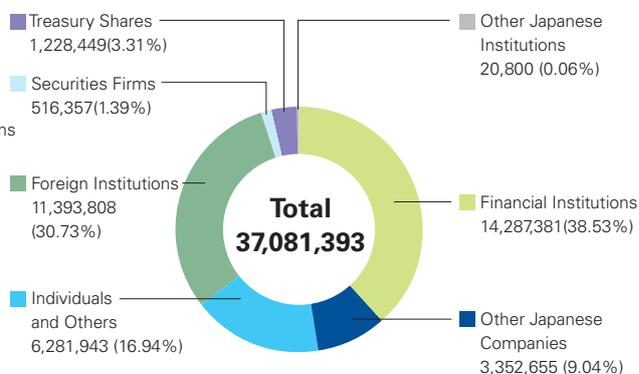
(Notes) 1. Numbers less than 1,000 have been rounded down.
2. Although the Company holds treasury stock of 1,228,449 shares, it is not included in the above list of major shareholders.
3. Percentage of total shares issued has been calculated excluding the treasury stock of 1,228,449 shares

Shareholder Composition

Number of Shareholders



Number of Shares Held



Contact for inquiries regarding
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TSUBAKIMOTO CHAIN CO.

<https://tsubakimoto.com>

