TSUBAKIMOTO CHAIN CO.

FY2024 Q2 Settlement of Accounts

November 19, 2024

[Number of Speakers]	5	
	Takatoshi Kimura	President and Representative Director, Chief Operations Officer
	Yasushi Nagai	Senior Managing Executive Officer, Power Transmission Operations
	Masafumi Okamoto	Managing Executive Officer, Materials Handling Operations
	Isao Sato	Managing Executive Officer, Mobility Operations
	Yasuhiro Akesaka	Senior Executive Officer, Finance & Accounting/Corporate Planning

1 FY 2024 Q2 Review Highlights of Consolidated Results

↑ Sales and income increased YOY. Progress was almost in line with forecasts.
↓ The Chain and Motion Control businesses struggled on a volume basis, largely due to the effect of the weak yen.

(Yen, millions)

	FY2023 Q2	FY2024 Q2 Forecast	FY2024 Q2 Actual	Inc / Dec YOY	%	Vs. forecast	%
Net sales	128,760	136,000	**136,360**	＋ 7,599	＋ 5.9%	＋ 360	＋ 0.3%
Operating income	8,622	9,400	**9,459**	＋ 837	＋ 9.7%	＋ 59	＋ 0.6%
%	6.7%	6.9%	**6.9%**				
Ordinary income	10,364	10,000	**11,225**	＋ 861	＋ 8.3%	＋ 1,225	＋ 12.3%
Net income	7,300	9,000	**10,014**	＋ 2,713	＋ 37.2%	＋ 1,014	＋ 11.3%
Exchange rates (USD)	141.06	145.00	**152.77**				
(EUR)	153.46	155.00	**166.06**				
(RMB)	19.45	20.32	**21.06**				

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Thank you for taking time out of your busy schedule today to attend our earnings announcement.

I am Kimura, President and Representative Director.

I will now explain our financial results and future management strategies.

First of all, I would like to explain our consolidated financial results for FY2024 Q2.

Net sales totaled JPY136.3 billion, up 5.9% from the same period last year.

Compared to the forecast at the beginning of the period, sales increased by 0.3%, almost in line with expectations.

Operating income was JPY9.4 billion, up 9.7% from the same period last year.

Income increased by 0.6% compared to the initial forecast.

This also turned out to be almost as expected. Ordinary income is as written.

Net income attributable to parent company shareholders increased 37.2% compared to the same period last year, which includes the effect of the partial sale of policy shareholdings.

The yen depreciated against the same period of the previous year and against the initial forecast. Excluding the effect of foreign exchange rates, net sales decreased by JPY400 million and operating income increased by JPY300 million compared to the same period last year.

2 FY 2024 Q2 Review Breakdown by Operations

↑ Chain increased sales and decreased income YOY, but increased sales and income vs. forecast.
Materials Handling posted a loss but improved significantly YOY.
↓ Recovery in Motion Control was delayed due to industry trends among major customers.

(Yen, millions)

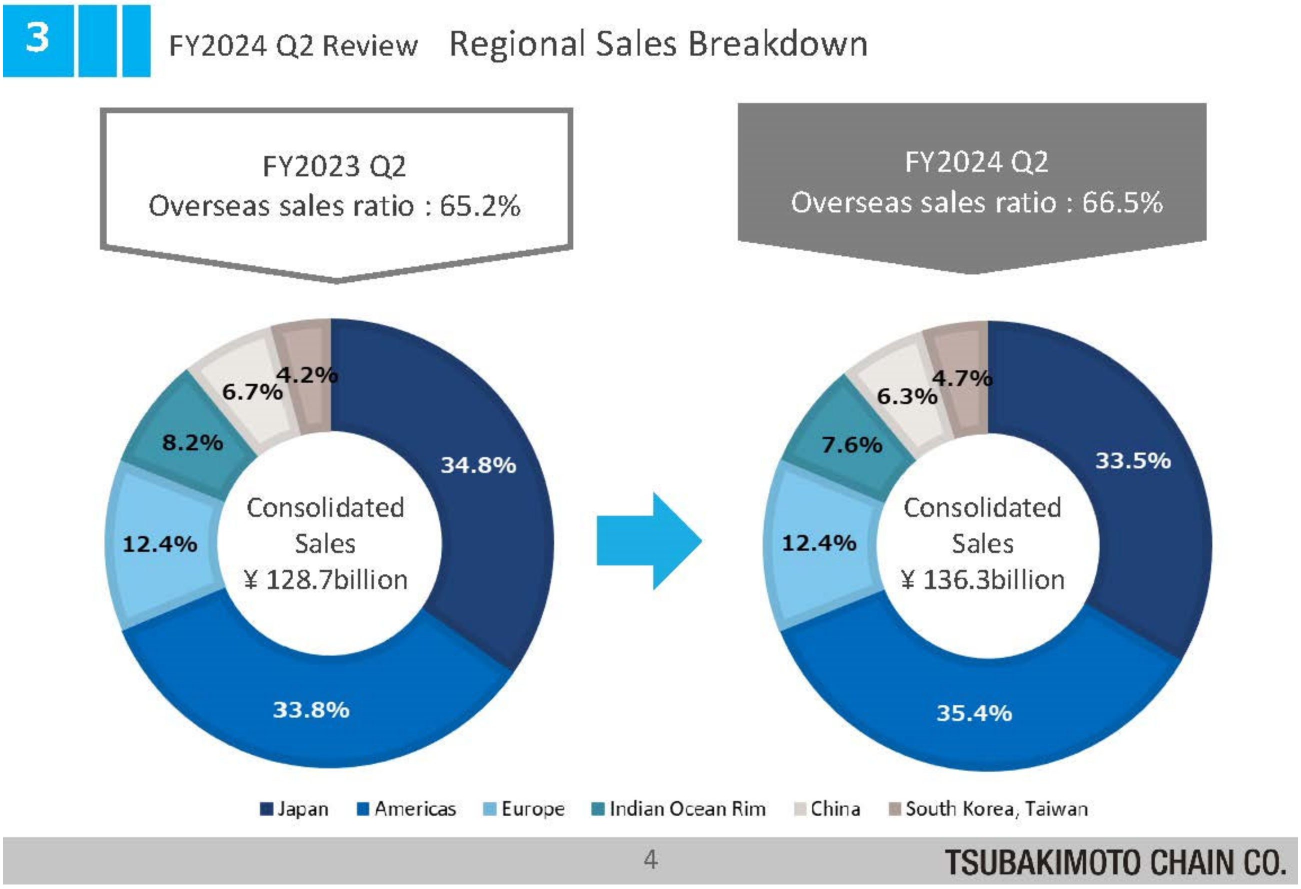
	Sales*1					Operating income				
	FY2023 Q2	FY2024 Q2		Inc / Dec		FY2023 Q2	FY2024 Q2		Inc / Dec	
	Actual	Forecast	Actual	YOY	Vs. forecast	Actual	Forecast	Actual	YOY	Vs. forecast
Chain	46,908	47,000	47,271	＋0.8%	＋0.6%	7,916	7,000	7,247	-8.5%	＋3.5%
Motion Control	11,165	11,000	11,363	＋1.8%	＋3.3%	233	300	145	-37.7%	-51.4%
Mobility	40,591	44,000	44,688	＋10.1%	＋1.6%	3,205	3,300	3,684	＋14.9%	＋11.6%
Materials Handling	30,042	34,000	33,005	＋9.9%	-2.9%	(1,637)	100	(106)	―	―
Other*2	1,707	2,000	1,702	-0.3%	-14.9%	(433)	(500)	(504)	―	―
Adjust	(1,654)	(2,000)	(1,670)	―	―	(662)	(800)	(1,006)	―	―
All	128,760	136,000	136,360	＋5.9%	＋0.3%	8,622	9,400	9,459	＋9.7%	＋0.6%

*1 : Sales figures include internal sales and transfers be tween segments
*2 : "Other" is not a reportable segment.

Here are the results by operation segment.

Increases in sales and income were recorded in the mobility and materials handling operations compared to the same period last year, while the chain and motion control operations reported higher sales and lower income.

I will explain the details of each operation later.



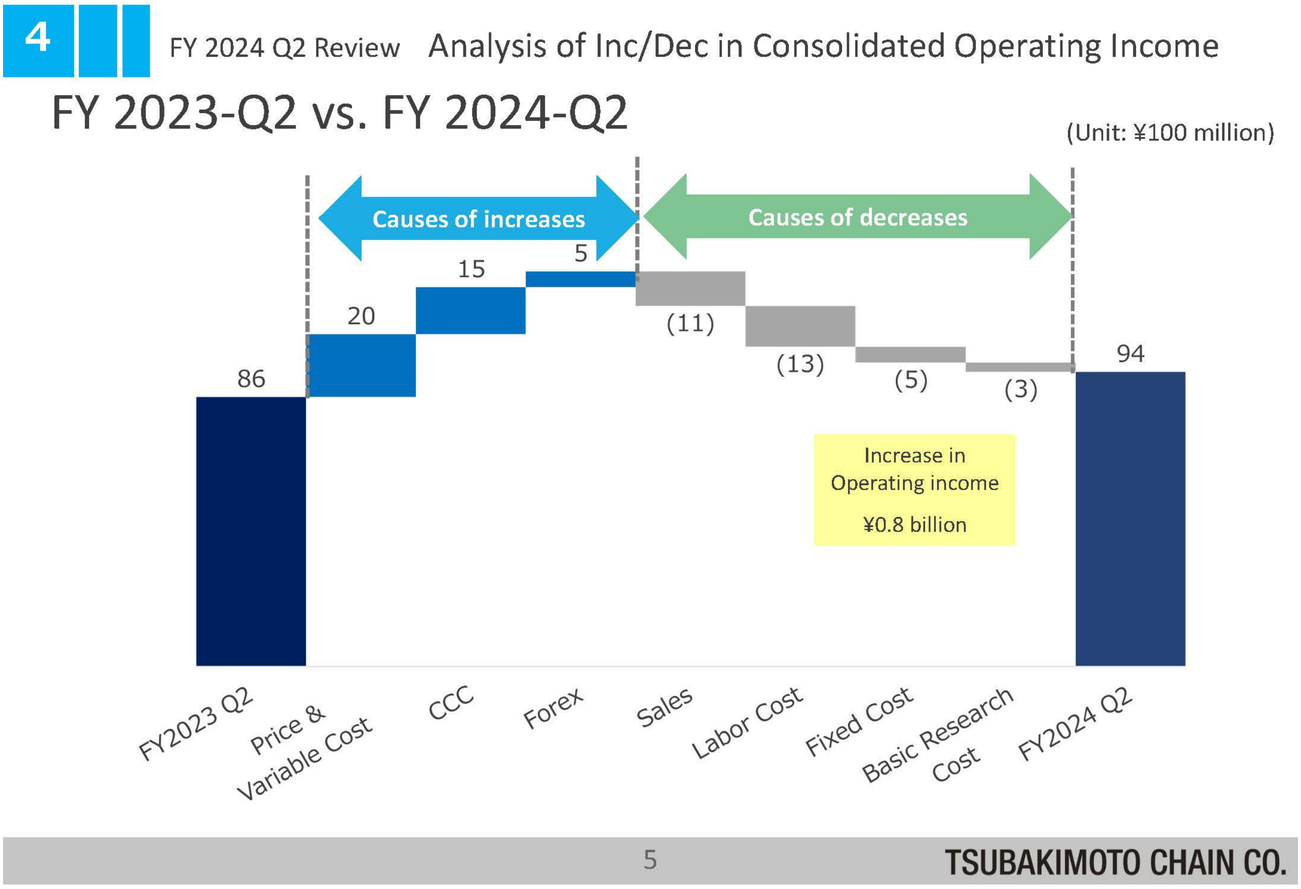
Next, I will explain sales by region.

Sales in China declined due to the sluggish Chinese economy.

Sales in the Indian Ocean Rim also declined due to sluggish automobile sales in Thailand.

On the other hand, the ratio of overseas sales to total sales rose 1.3% to 66.5% from 65.2% in the same period of the previous year.

This was due to growth in the Americas resulting from the impact of foreign exchange rates and increased sales in the mobility and materials handling operations, as well as sluggish sales in Japan, especially at TSUBAKIMOTO CHAIN on a non-consolidated basis.



Next is an analysis of the factors that contribute to the increase or decrease in operating income.

Operating income increased by JPY800 million from the previous year.

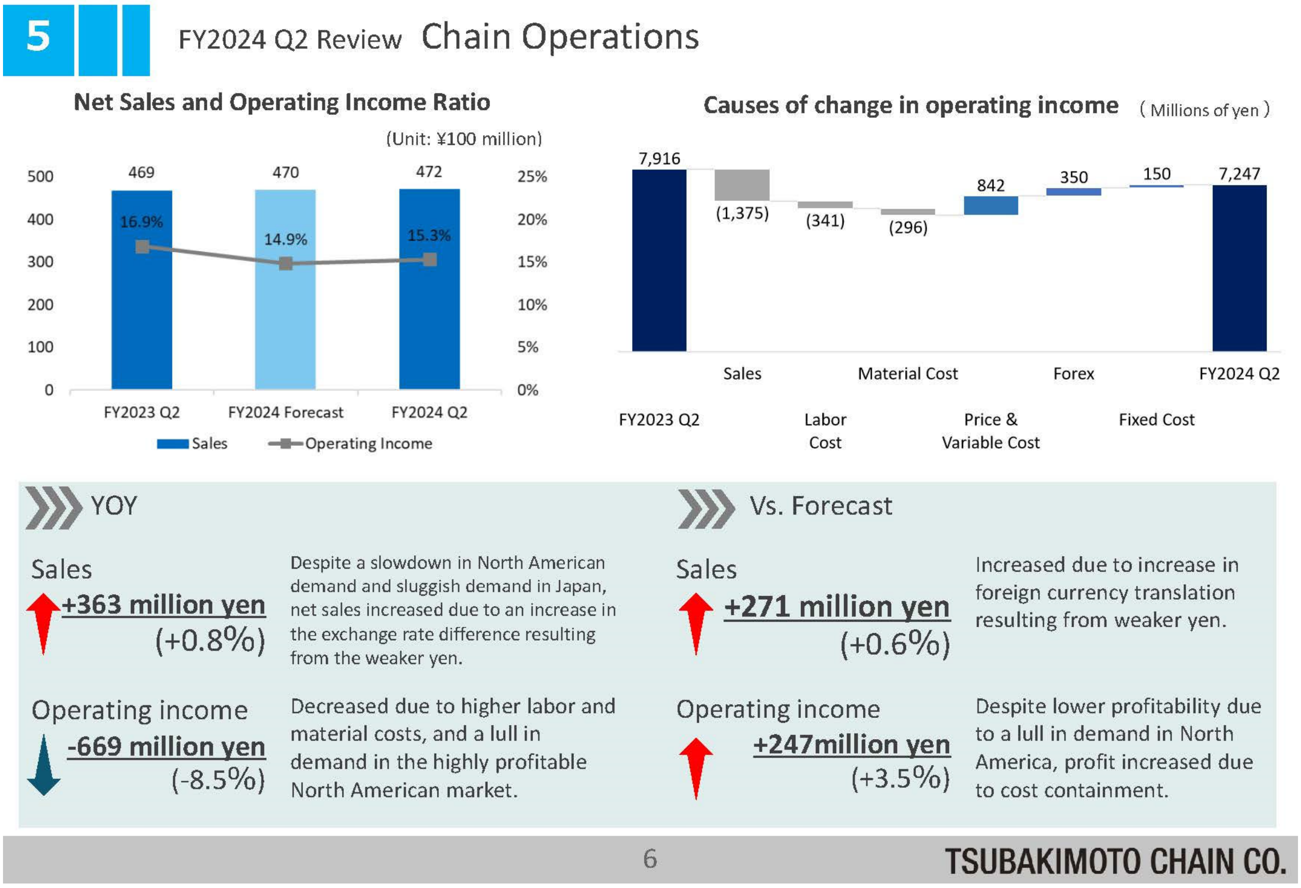
Operating income increased by JPY2 billion due to cost improvements and price increases and by JPY1.5 billion due to improvement at Central Conveyor.

Factors that contributed to the decrease in income were a decrease in sales of a minus JPY1.1 billion and an increase in labor costs of a minus JPY1.3 billion.

This was particularly due to base salary increases and other efforts in Japan to secure the workforce and improve employee engagement.

In addition, fixed costs and other costs increased by JPY500 million and manufacturing costs, etc., increased.

Other expenses related to basic research and new business development not allocated to any segment increased by JPY300 million.



Next, I will go into more detail by segment.

The chain segment reported a 0.8% increase in sales and an 8.5% decrease in income compared to the same period last year.

The foreign exchange impact in this segment contributed JPY2.5 billion to net sales and JPY350 million to operating income in a positive direction.

Therefore, excluding the effect of foreign exchange rates, both sales and income would have decreased compared to the same period last year.

As envisaged at the beginning of the period, this was mainly due to subdued demand in North America and sluggish demand in Japan.

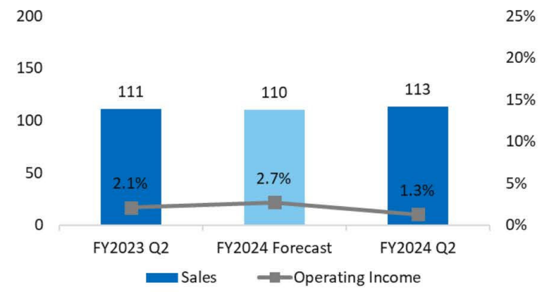
Income decreased due to an increase in labor costs and other factors.

Compared to the forecast at the beginning of the period, excluding the effect of foreign exchange rates, sales decreased and income increased.

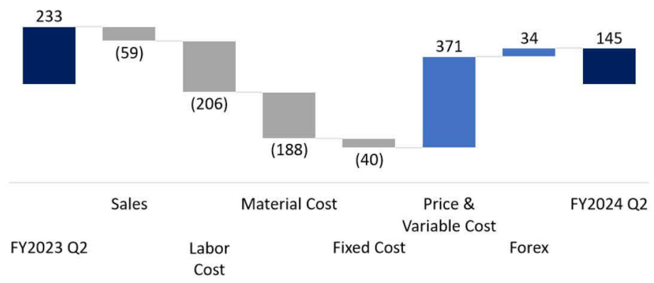
5 FY2024 Q2 Review Motion Control Operations

Net Sales and Operating Income Ratio

(Unit: ¥100 million)



Causes of change in operating income (Millions of yen)



YOY

Sales
+197 million yen
(+1.8%)

Sales increased due to ATR (manufacturing and sales of couplings) in North America performing well, Japan also recovering slightly, and the effect of yen depreciation.

Operating income
-88 million yen
(-37.7%)

Profit decreased due to higher personnel and other costs in Japan and higher procurement costs resulting from the weaker yen.

Vs. Forecast

Sales
+363 million yen
(+3.3%)

Sales increased due to strong performance of ATR in North America and the effect of yen depreciation.

Operating income
-154 million yen
(-51.4%)

Profit decreased due to higher personnel and other costs in Japan and higher procurement costs resulting from the weaker yen.

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The motion control segment reported a 1.8% increase in sales and a 37.7% decrease in income compared to the same period last year.

The foreign exchange impact in this segment contributed JPY290 million to net sales and JPY30 million to operating income in a positive direction.

Therefore, excluding the effect of foreign exchange rates, both sales and income would have decreased compared to the same period last year.

Despite strong sales at ATR in North America and a slight recovery in Japan, there was a decrease in sales in the Indian Ocean Rim region, which had been strong in the previous fiscal year, as well as an increase in labor and other costs in Japan.

Another factor was the rise in parts procurement costs due to the weak yen.

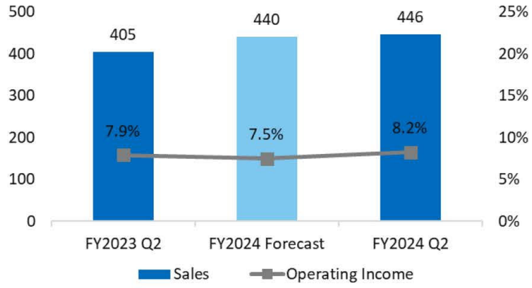
As for the comparison with the forecast at the beginning of the period, both sales and income increased and decreased, respectively, excluding the effect of foreign exchange rates.

While sales were strong at ATR in North America, operating income was affected by higher labor costs, as was the case in the same period of the previous year.

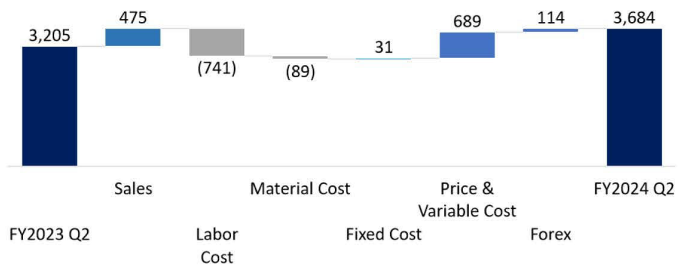
5 FY2024 Q2 Review Mobility Operations

Net Sales and Operating Income Ratio

(Unit: ¥100 million)



Causes of change in operating income （Millions of yen）



YOY

Sales
+4,097 million yen (+10.1%)
Sales increased due to strong sales in the Americas and Europe, and a slight recovery in China.

Operating Income
+479 million yen (+14.9%)
Despite higher labor costs and other cost increases, profit increased due to higher sales.

Vs. Forecast

Sales
+688 million yen (+1.6%)
Sales increased due to strong sales in the Americas and Europe.

Operating Income
+384 million yen (+11.6%)
Operating income increased due to higher sales.

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The mobility segment reported a 10.1% increase in sales and a 14.9% increase in income compared to the same period last year.

The foreign exchange impact in this segment contributed JPY3.2 billion to net sales and JPY100 million to operating income in a positive direction.

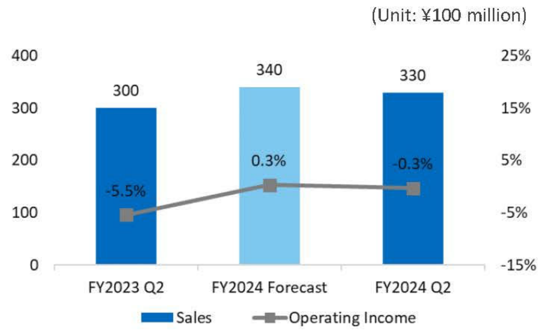
Despite the sluggish Chinese market and the impact of car manufacturers' production cutbacks due to the certification fraud issue in Japan, strong sales of hybrid vehicles in the North American market and newly acquired projects for European manufacturers were in full swing, resulting in an increase in sales.

Despite higher labor and other costs, income increased due to the effect of higher sales and other factors.

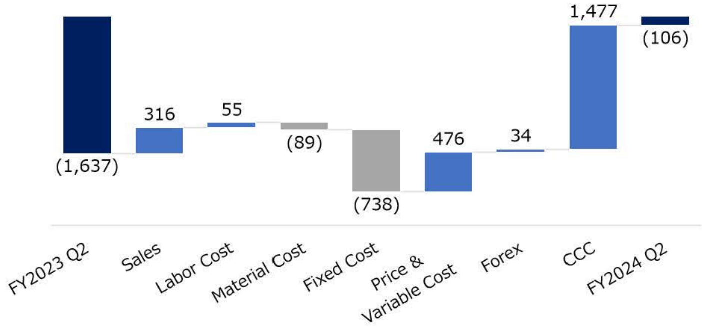
Both sales and income increased compared to the initial forecast, excluding the impact of foreign exchange rates.

5 FY2024 Q2 Review Materials Handling Operations

Net Sales and Operating Income Ratio



Causes of change in operating income (Millions of yen)



YOY

Sales
+2,962 million yen (+9.9%)

Sales increased due to increased sales of systems for automobile manufacturing lines in the U.S. and systems for the logistics industry in Japan.

Operating Income
+1,531 million yen (－)

Although losses were booked due to insufficient sales, mainly in Japan, operating income improved significantly due to construction losses and other factors in the previous year.

Vs. Forecast

Sales
-994million yen (-2.9%)

Sales decreased due to a lack of projects in Japan that could generate revenue within the current fiscal year.

Operating Income
-206 million yen (—)

Operating income decreased due to lower sales.

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In the materials handling segment, sales increased by 9.9% and losses narrowed by JPY1.531 billion compared to the same period last year.

Foreign exchange effects in this segment contributed JPY2 billion to net sales and JPY30 million to operating income in a positive direction.

The increase in sales was mainly due to higher sales of systems for automobile manufacturing facilities in the US.

The significant improvement was mainly due to the absence of one-time costs and construction losses in the US incurred in the previous fiscal year.

Compared to the initial forecast, sales fell 2.9% to a lack of projects in Japan that could generate revenue within the current fiscal year. In terms of income, a loss of JPY100 million was recorded against an income forecast of JPY100 million.

6 FY2024 Consolidated Annual Forecast

↑ We forecast a 2.7% increase in net sales and a 5.9% decrease in operating income compared with the previous year. The company plans a 7.8% increase in net income, which also includes the sale of policy shareholdings.

(Yen, millions)

	FY2023 Actual	FY2024 1st half (Actual)	FY2024 2nd half (Forecast)	FY2024 Full year (Forecast)	YOY Inc / Dec
Net sales	266,812	136,360	137,640	**274,000**	＋ 2.7%
Operating income	21,262	9,459	10,541	**20,000**	-5.9%
%	8.0%	6.9%	7.7%	**7.3%**	
Ordinary income	23,450	11,225	10,775	**22,000**	-6.2%
Net income	18,551	10,014	9,986	**20,000**	＋ 7.8%
(Exchenge rates 1 USD)	144.59円	152.77円	145.00円	**148.89円**	
(Exchenge rates 1 EUR)	156.75円	166.06円	155.00円	**160.53円**	
(Exchenge rates 1 RMB)	19.82円	21.06円	20.00円	**20.74円**	

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I will now explain our full year forecasts for FY2024.

We assume a 2.7% increase in net sales and a 5.9% decrease in operating income compared to the same period last year.

The exchange rate assumptions for the 2nd half are JPY145 per US dollar and JPY155 per euro.

This translates into a 2.1% decrease in net sales and a 13% decrease in operating income compared to the initial forecast.

Although the results for the 1st half were almost in line with our initial forecast, we have decided to revise our forecast downward due to a delayed recovery in the motion control segment and lower-than-expected orders and projects in the materials handling segment capable of generating sales in the current fiscal year.

7 FY 2024 Consolidated Forecast by Operation

↑ Although the forecast was revised downward compared to the original forecast at the beginning of the fiscal year, sales are expected to increase in all businesses.
↓ Although profitability is expected to improve in the materials handling business, the improvement will be limited. Operating income in other segments is also expected to decrease from last fiscal year due to an increase in costs and other factors.

(Yen, millions)

	Sales *1					Operating income				
	FY2023	FY2024		Inc / Dec		FY2023	FY2024		Inc / Dec	
	Actual	Current Forecast	Original Forecast	YOY	Vs. Original Forecast	Actual	Current Forecast	Original Forecast	YOY	Vs. Original Forecast
Chain	94,151	**97,000**	95,000	+ 3.0%	+ 2.1%	16,396	**15,000**	15,500	- 8.5%	- 3.2%
Motion Control	22,731	**23,000**	24,000	+ 1.2%	- 4.2%	660	**400**	1,000	- 39.4%	- 60.0%
Mobility	84,616	**88,000**	90,000	+ 4.0%	- 2.2%	7,815	**7,700**	8,200	- 1.5%	- 6.1%
Materials Handling	65,312	**66,000**	71,000	+ 1.1%	- 7.0%	(1,165)	**500**	1,200	—	- 58.3%
Other*2	3,404	**3,000**	4,000	- 11.9%	- 25.0%	(944)	**(1,000)**	(1,000)	—	—
Adjust	(3,402)	**(3,000)**	(4,000)	—	—	(1,499)	**(2,600)**	(1,900)	—	—
All	266,812	**274,000**	280,000	+ 2.7%	- 2.1%	21,262	**20,000**	23,000	- 5.9%	- 13.0%

*1 : Sales figures include internal sales and transfers be tween segments
*2 : "Other" is not a reportable segment.

Here is the forecast by operation.

Although we plan to increase sales in all operations compared to the previous fiscal year, we have revised our forecast downward from the initial forecast.

Operating income for all operations is down from the forecast at the beginning of the period, with the chain segment reporting an 8.5% decline due to a slowdown in demand in North America, and the motion control segment reporting a 39.4% decline due to industry trends among major customers in Japan.

The rise in labor and other costs is also a factor.

8 FY 2024 Chain Operations Forecast

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

(Yen, millions)

Sales *1							Operating Income						
FY2023	FY2024				Inc / Dec		FY2023	FY2024				Inc / Dec	
Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast	Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast
94,151	47,271	49,728	**97,000**	95,000	＋ 3.0%	＋ 2.1%	16,396	7,247	7,752	**15,000**	15,500	- 8.5%	- 3.2%

（ Millions of yen ）

Operating Income Factors

✓ Sales

Despite a lull in overseas demand, sales are expected to increase in anticipation of a recovery in demand after the presidential election in North America.

✓ Operating Income

Despite efforts to improve cost of sales through automation, labor saving, and in-house production, operating income is expected to decrease by 8.5% YOY due to higher labor costs and other factors.

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I will explain in more detail by operation segment.

First, in the chain segment, demand in North America appears to be slowing down, but with the conclusion of the presidential election, we expect demand to increase again in the near future.

In Japan, although demand from overseas, especially North America, is expected to slow down, we expect orders to increase toward the end of the fiscal year, and we project a 3% increase in net sales compared to the same period last year.

Operating income, on the other hand, is expected to decrease by 8.5% compared to the same period last year due to higher labor and other costs, as well as sluggish demand growth caused by the economic slowdown in Europe.

Although both sales and income will increase and decrease, respectively, compared to our initial forecast, in response to rising costs, we have raised prices in Japan since November and will work to ensure profitability by passing on prices, as well as focusing on automation and labor saving in our manufacturing lines to improve productivity.

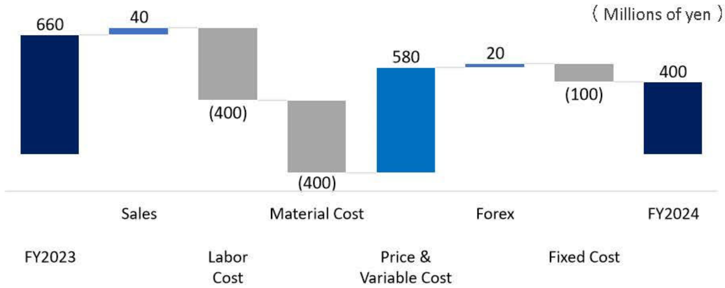
8 FY 2024 Motion Control Operations Forecast

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

(Yen, millions)

Sales *1							Operating Income						
FY2023	FY2024				Inc / Dec		FY2023	FY2024				Inc / Dec	
Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast	Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast
22,731	11,363	11,636	**23,000**	24,000	＋ 1.2%	- 4.2%	660	145	254	**400**	1,000	- 39.4%	- 60.0%

Operating Income Factors



✓ Sales
Full-scale recovery in sales to the semiconductor industry and the machine tool industry was delayed from the initial forecast at the beginning the period. Sales are expected to increase by only 1.2% YOY.

✓ Operating Income
Sales recovery was weaker than expected at the beginning of the period, and the impact of higher purchase prices, including labor costs and motors, could not be offset, resulting in a projected 39.4% YOY decline in profit.

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Next is the motion control segment.

Demand from the semiconductor and machine tool industries remains weak.

At the beginning of the period, we assumed that demand would gradually return in the 2nd half but a full-fledged recovery has been delayed.

Sales are expected to recover slightly, increasing only 1.2% compared to the same period last year.

Operating income is expected to decrease 39.4% compared to the same period last year due to rising labor costs as well as continued increases in purchase prices of motors and other products.

As in the chain segment, we have raised the prices of some products since November, and we will work to improve productivity and focus on establishing the operation for next-generation mainstay products to improve profitability in a sustainable manner.

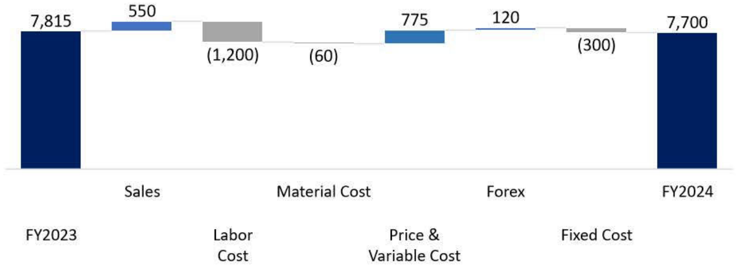
8 FY 2024 Mobility Operations Forecast

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

(Yen, millions)

Sales *1							Operating Income						
FY2023	FY2024				Inc / Dec		FY2023	FY2024				Inc / Dec	
Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast	Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast
84,616	44,688	43,311	**88,000**	90,000	+ 4.0%	- 2.2%	7,815	3,684	4,015	**7,700**	8,200	- 1.5%	- 6.1%

Operating Income Factors



✓ Sales
Sales are expected to increase by 4.0% YOY due to a pickup in global automobile production. Due to a slower-than-expected recovery in the Chinese market, sales growth is expected to be smaller than the original forecast.

✓ Operating Income
Despite an improvement in profitability due to higher sales and product price hikes, we expect a 1.5% YOY decrease in profit due to higher labor and other costs.

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In the mobility segment, while we expect a 4% increase in sales compared to the same period last year due to firm demand in North America and the full-scale start of newly acquired projects in Europe, we do expect a 2.2% decrease in sales compared to our initial forecast due to the weak recovery in the Chinese market.

Operating income is also expected to decrease by 1.5% compared to the same period last year due to higher labor and other costs, despite the increase in sales.

8 FY 2024 Materials Handling Operations Forecast

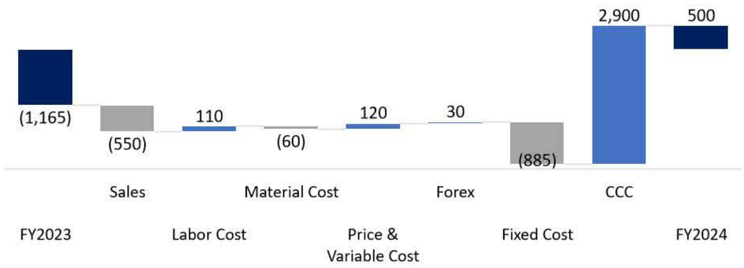
*1: Sales figures include internal sales and transfers between segments.

(Yen, millions)

Sales *1							Operating Income						
FY2023	FY2024				Inc / Dec		FY2023	FY2024				Inc / Dec	
Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast	Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast
65,312	33,005	32,994	**66,000**	71,000	＋ 1.1%	- 7.0%	(1,165)	(106)	606	**500**	1,200	—	- 58.3%

Operating Income Factors

（Millions of yen）



✓ Sales

Sales are expected to increase 1.1% YOY due to continued strong sales of bulk systems in Japan, and sales growth in equipment for the logistics industry and automobile conveying equipment. Sales growth is expected to fall short of the original forecast due to fewer revenue-generating projects in Japan this fiscal year.

✓ Operating income

Despite higher sales in Japan and an improvement in Central Conveyor Company's (CCC) bottom line, operating profit is expected to be limited to 500 million yen due to the downward revision of the sales forecast.

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Finally, the materials handling segment.

The materials handling segment is expected to post a 1.1% increase in sales compared to the same period last year and income of JPY500 million, although the recovery is expected to be smaller than the forecast at the beginning of the fiscal year.

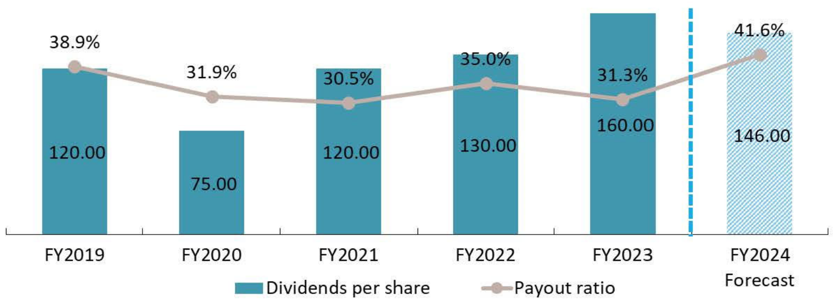
The main factors are an increase in sales of systems for automotive industry in the US, continued strong sales of bulk handling systems in Japan, and a recovery in sales of systems for the logistics industry.

Operating income is expected to be in the black overall due to improved profitability resulting from increased sales and the absence of losses from a large project at Central Conveyor in the US that occurred in FY2023, despite a decrease in operating income due to a lack of orders and sales in Japan in the current fiscal year.

9 Strategic shareholder returns while maintaining optimal cash levels

- ✓ The Company's basic policy is to distribute dividends reflecting consolidated business performance, aiming for a consolidated dividend payout ratio of 35% or more.
- ✓ Implemented flexible buyback of treasury stock and sales of policy stock holdings, etc.

（Yen/Share/Year）



	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024 Forecast
Buyback					Implemented 5 billion yen or 3.2% of outstanding shares	Implementing 10 billion yen or 5.0% of outstanding shares

※Effective October 1, 2024, the Company split its common shares at a ratio of 1 to 3. The year-end dividend per share for the fiscal year ending March 31, 2025 (FY2024 forecast) reflects the effect of this stock split. If the stock split is not taken into account, the year-end dividend per share forecast for the fiscal year ending March 31, 2025 is 141 yen, resulting in a total annual dividend per share of 240 yen.

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Next, I will explain shareholder returns.

As stated in the Notice of Revision of Dividend Policy released on May 14, we have decided to raise the basic policy for ordinary dividends from the consolidated dividend payout ratio of 30% to 35% or more.

In accordance with this policy, the Company plans to pay an interim dividend of JPY99 and a year-end dividend of JPY47 for a total dividend of JPY146 for FY2024.

Although a stock split ratio 1 to 3 of common stock was conducted with September 30 as the record date, the annual dividend for FY2024 would be JPY240, an increase of JPY70 from the previous fiscal year, assuming that the stock split had not been taken into account.

In addition, regarding shareholder returns, we will flexibly implement share buybacks, etc. while taking into consideration the necessary cash on hand and the amount of income to be generated. For the current fiscal year, the Company has repurchased JPY10 billion of its own shares.

Sustainable profit growth through implementation of growth strategies – Chain

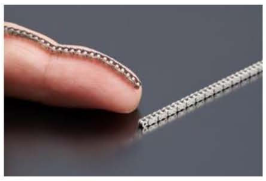
Progress on short-term targets and projects underway

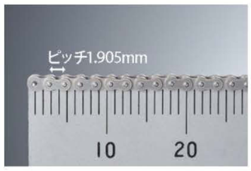
✔ Further reinforcement of No. 1 products

— Ultra-small / world's smallest roller chain (Guinness certified)

Market launch of “Epsilon Chain™”

Developing new markets beyond general industry





Four Features

01 Reliable power transmission
Reliable power transmission in space-constrained mechanisms and layouts

02 Long life
Incorporation of rollers ensures smooth engagement and long life despite the extremely small size

03 High strength
Achieves minimum tensile strength of 0.36 kN

04 Suitable for corrosive environments
Constructed from stainless steel, suitable for use in water-sensitive environments, such as cleaning applications

Guinness Recognition Ceremony

MONOZUKURI Japan Conference/ Sponsored by Nikkan Kogyo Shimbun

Received “Machinery and Robot Parts Award”

Next, I would like to report on our efforts to achieve sustainable growth and the progress of the projects that we introduced at the earning announcement in May of this year.

First is chain operations.

As part of our efforts to further strengthen our number one global market share, we began selling the Epsilon chain with a pitch of 1.9 mm, the world's smallest size chain with the same component configuration as JIS-compliant roller chain, on October 1, 2024.

The Epsilon chain enables the transmission of power in a very small space, which has been difficult in the past, and is expected to be used in end-effectors for industrial robots, which are becoming smaller and lighter, and in equipment for machining, tightening screws, and other operations and medical and welfare equipment attached to the end of robot arms.

Power transmission using belts, wires, etc. has problems with the reliability of power transmission, such as wire slippage under load, but the Epsilon chain makes it possible to transmit greater power farther and more accurately.

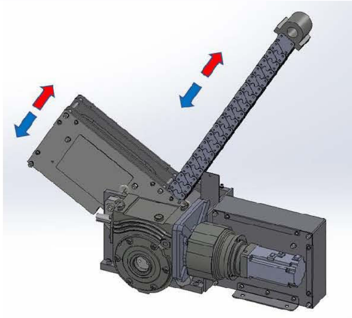
The Epsilon chain was recognized by the Guinness Book of Records as the world's smallest chain and was awarded the Machinery and Robot Parts Prize in the Cho-Monozukuri Parts Awards sponsored by the Monozukuri Nippon Conference and the Nikkan Kogyo Shimbun for our processing technology and originality in achieving dimensional accuracy in the 1/1,000 of a millimeter range.

Sustainable profit growth through implementation of growth strategies - MC

Progress on short-term targets and projects underway

✔ Strengthen technical sales and market appeal of Zip products

— Special development of oscillating-type ZCA



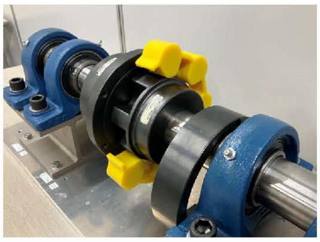
Feature Custom-made structure designed to avoid interference with equipment during oscillating operation

- Case oscillates in line with chain extension/retraction
- Space-saving (compared to oil and pneumatic types)
- Started evaluation of prototype delivery to container opening/closing mechanism

✔ Overseas local knockdown production and horizontal development of after-sales service business

— ATR's flex couplings in the U.S. are now available in the Japanese market

◦Targeting domestic gear couplings by taking advantage of ease of maintenance and replacement



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Next is motion control operations.

We will develop special specifications of zip chain actuators to strengthen our technical sales force and market appeal of zip products.

We have been selling zip chain lifters and zip chain actuators that use our original zip chains.

This product has the advantage that the chain can be rolled into the chain case.

Compared to rod-type hydraulic lifters and other types of lifting equipment, this type of lifter has the advantage of minimizing the pit space and can be installed on low floors.

In addition, for oscillating applications, we developed an oscillating-type Zip Chain Actuator to solve the problem of interference between the chain case and the floor surface by making the chain case movable.

We are in the process of confirming the functionality with our customers.

In addition, we will start sales of ATR's flexible couplings in the Japanese market as a horizontal expansion of our overseas local knockdown production and after-sales service business.

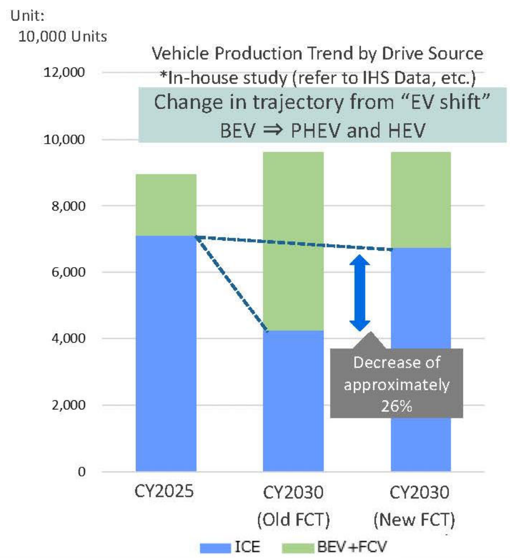
ATR's couplings have the advantage of easy maintenance, as inserts can be replaced without moving equipment. Utilizing this advantage, we will target replacement demand for gear couplings in Japan.

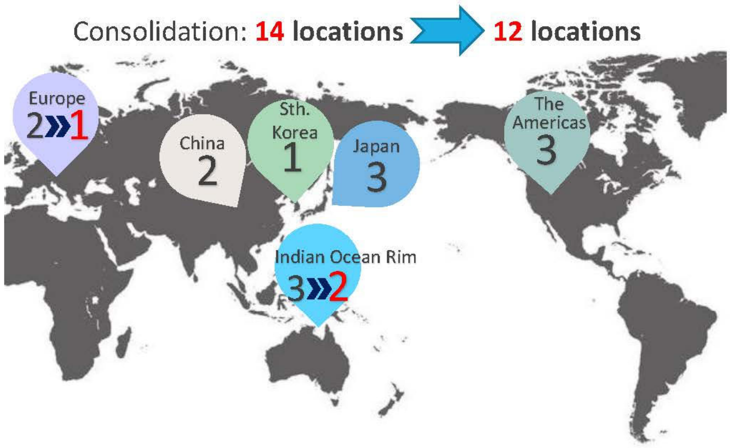
Sustainable profit growth through implementation of growth strategies - Mobility

Progress on short-term targets and projects underway

✔ Expand internal combustion engine business and ensure thorough profit

— Reorganize manufacturing and build domestic and overseas production based on a review of demand for ICE





◎ **Increase operational efficiency** through consolidation

⇒ Profit maximization

◎ Create new business production space

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Next is mobility operations.

The shift to electric vehicles, which has been rapidly advancing as a powerful means to realize a decarbonized society, has slowed down mainly in North America and the Americas due to high prices, the end of purchase subsidies in some countries, and a lack of charging infrastructure.

This has increased demand for PHEVs and HEVs with internal combustion engines.

We expect that the decline in the production of vehicles with internal combustion engines in FY2030 will be less than previously assumed.

Under these circumstances, the Company is working to expand its internal combustion engine business, which manufactures and sells timing chain systems, and thoroughly secure income, and is consolidating its production bases in Japan and overseas.

The goal is to maximize income growth by improving operating efficiency ratios through consolidation.

On the other hand, while we say that the internal combustion engine business is still strong, we naturally expect the shift to EVs to expand, and new product development is proceeding at a rapid pace in preparation for this shift.

Due to confidentiality agreements with automobile manufacturers, we are not able to disclose this information, but we are currently in the process of test delivery with various users.

By consolidating and reorganizing our bases, we are also working to secure production space for this new business, which will lead to a smooth launch of mass production when the new products are adopted.

Sustainable profit growth through implementation of growth strategies – Materials Handlings

Progress on short-term targets and projects underway

✓ Launch new products and technologies on the market

— World's fastest and most accurate “AI image recognition technology” put to practical use

Launch “**AItem（Item）Appraiser**”

“Automatic product identification” is realized by AI image recognition

✓ Promote differentiation strategy

— System Integration Business

Launch “**Nexa Warehouse-Optimizer**”

① Consolidate and analyze system data from material handling systems (systems and equipment), robots, WMS, and other systems operating in the warehouse.

② Reproduce the current status of logistics warehouses digitally. Visualize and analyze data.

Create new logistics

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Next is materials handling operations.

As part of the market launch of new products and technologies, we jointly developed a high-speed, high-precision AI image recognition technology with EAGLYS Inc. and put to practical use AI Temu Kanteishi, which can instantly recognize objects in images.

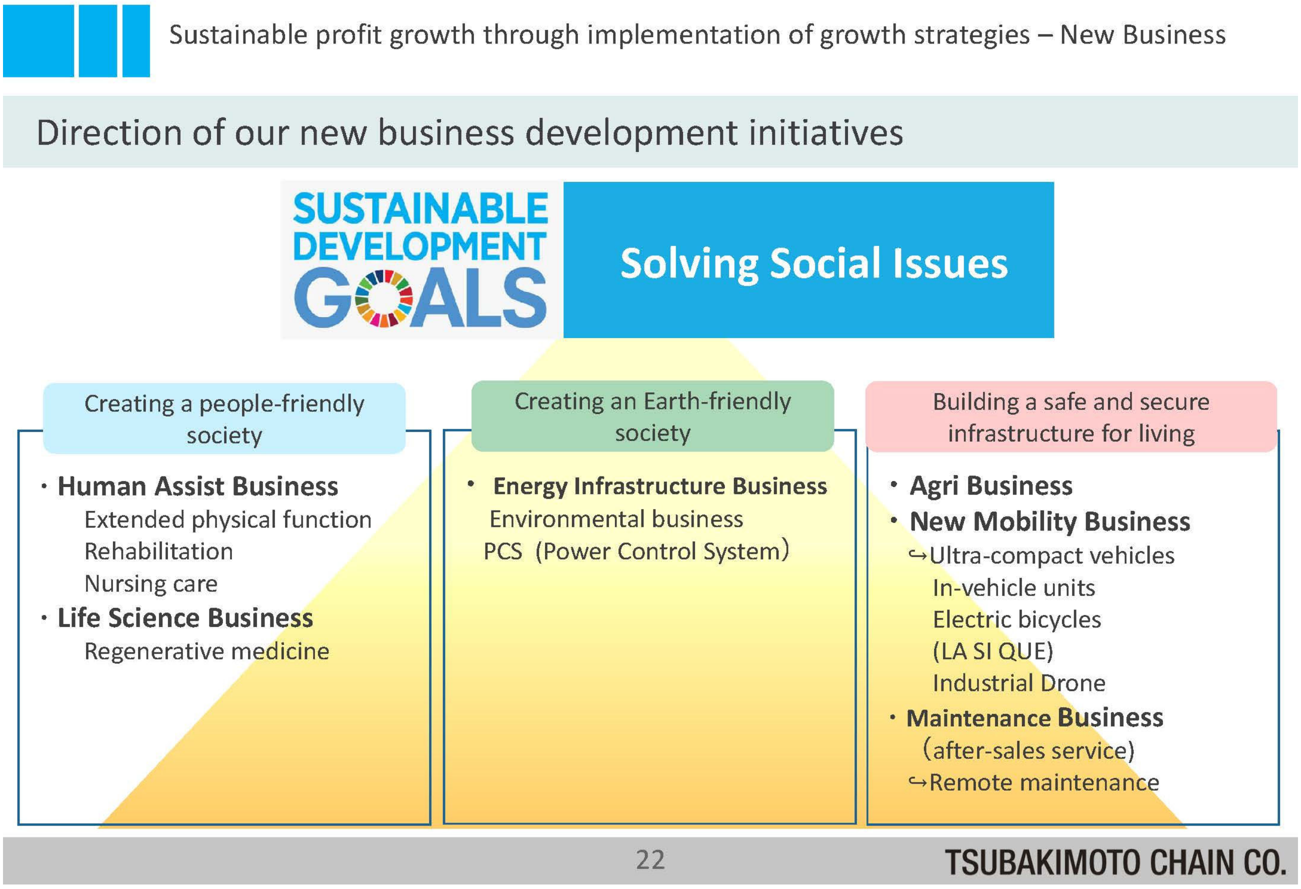
Unlike the use of conventional barcodes and RFID, this system enables product identification without manual work such as preparing labels, tags, and scanning, thereby realizing labor saving and automation at logistics sites. As a first step, we delivered a system incorporating AI Temu Kanteishi into our tilt tray automated sorting system, Linisort, to a major logistics company.

We will continue to implement this system in our conveyance systems other than Linisort in order to expand its functions and applications.

In addition, as part of our differentiation strategy, we began offering Nexa Warehouse-Optimizer, a data analysis service for logistics warehouses, through Nexa Ware, a joint venture we have with KDDI.

In addition to overall work optimization through analysis and utilization of warehouse data, the system automatically creates worker shifts based on manpower, workload, and time, and visualizes and proposes them on the website, thereby improving the efficiency of warehouse operations through digitalization.

By providing these next-generation logistics warehouse automation solutions, we will respond to various issues faced by logistics sites and create new logistics.



Then there is new business.

First of all, let me explain once again the direction of our new business development efforts.

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

Specifically, we have identified creating a people-friendly society, building a safe and secure living infrastructure, and creating an Earth-friendly society as the three areas in which we should contribute to society.

Specifically, we will promote investment in the human assistance, life science, energy infrastructure, agriculture business, new mobility, and maintenance businesses, among other areas.

Sustainable profit growth through implementation of growth strategies – New Business

Progress of projects underway

✔ Expand Agri Business

— Establishment of Tsubaki VegyMove Co. and acquisition of KIDAYA SHOTEN Co.'s agri-business

KIDAYA SHOTEN Agri-Business

Industry-leading cultivation know-how and sales performance

×

Tsubaki Agri-Business

Automated system technology & development capabilities

→

Expand Agri-business
Contribute to the realization of sustainable agriculture

Sales plan

FY2027 → 2.5 billion yen
FY2030 → 5.0 billion yen

— Agribusiness Business Overview

1. Development, manufacturing and sales of automated systems for plant factories
2. Plant Factory Business and Sales of Agricultural Products (in-house and affiliated plant factories)
3. Consulting business for plant factory operators

Fukui Mihama Plant
(Construction to be completed in July 2025)

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I will now explain some specific projects being undertaken as part of our new business initiative.

First is agriculture business. We have been developing, manufacturing, and selling automated systems for plant factories, and we have now established Tsubaki VegyMove Co. with the aim of expanding this business.

We have also acquired the agriculture business of Kidaya Shoten through VegyMove.

Tsubaki VegyMove commenced operations on September 19 following the transfer of three plants of Kidaya Shoten, two in Obama City, Fukui, and one in Fuji, Shizuoka.

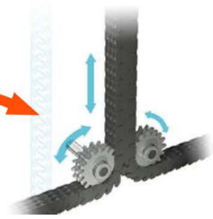
In July 2025, TSUBAKIMOTO CHAIN plans to complete construction of its sixth plant in Japan, the Fukui Mihama Plant.

By combining Tsubaki VegyMove's agriculture business' top-class cultivation know-how and sales track record in the plant factory industry with Tsubakimoto Chain Agribusiness' automation system technology and development capabilities, we aim to expand our overall agriculture business and further contribute to the realization of sustainable agriculture.

Sustainable profit growth through implementation of growth strategies – New Business

Progress of projects underway

✔ Commenced sales of "Chainwaiter," a step eliminator exclusive for wheelchairs



"Zip chain" is mounted on the Chainwaiter drive unit.

— Features of Chainwaiter

Self-supporting chain drive.
The independent earthquake-resistant structural frame eliminates the need for additional building reinforcement, unlike typical wire rope-based elevators.

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As a reinforcement of the human-assist business, we commenced sales of the Chain Waiter, a step eliminator for wheelchairs equipped with the Company's Zip Chain.

Chain Waiter is a self-supporting, chain-driven, wheelchair-dedicated step-eliminating machine that enables movement across height differences of up to 4 meters.

Although general elevators require structural reinforcement of existing buildings because of the wire rope hoisting system, this product has a self-supporting chain structure using zip chains, and its independent earthquake-resistant structural frame allows it to be installed independently of existing equipment.

This enables installation in existing buildings without the need for additional building reinforcement work, reducing costs and enabling installation in a short period of time.

Since the product has received a great response at welfare-related exhibitions and many people have expressed their desire to see it put into full-scale use as soon as possible, we will strengthen support to the developer, Chain Waiter, to ensure the safety of the product, as well as develop options and enhance the product lineup.

Topics

Expo 2025 Osaka, Kansai, Japan

OSAKA, KANSAI, JAPAN EXPO 2025

Sponsorship and participation in the "Osaka Healthcare Pavilion"

Tsubaki's Exhibit Concept → **MOTION CREATES EMOTION.**
「動かす」技術で、カラダもココロも「動かす」

Booth Theme → **Robotic Wear T's Exoskeleton**
Semi-customized service of "robotic wear" (wearable robots)

In 2050,
robots will develop into "robotic wear = wearable robots."
Robots will be able to assist and augment physical abilities.

① "Fly" in the sky
② "Lift" heavy objects
Provide opportunities to experience expansion of physical capabilities

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We will be exhibiting at the Osaka Healthcare Pavilion at the Osaka, Kansai Expo to be held in 2025.

The theme of this all-Osaka pavilion is REBORN: people can be reborn, take a new step forward, and is a combination of industry, government, academia, and the private sector.

At this booth, visitors will be able to experience a wearable robot in VR as part of our human assist business. We will provide an extended experience of physical capabilities such as flying and lifting heavy objects.

Our exhibition concept is MOTION CREATES EMOTION, moving the body and mind with moving technology.

We have contributed to society as professionals in moving things, with our social mission to advance the "art of moving" beyond expectations.

From now on, we will challenge ourselves to contribute to the realization of a people-friendly society and create a safe and secure infrastructure for people's lives, while moving even their hearts by moving things.

This concludes my explanation of the financial results and future management strategies.

Thank you for your attention.

Question & Answer

Sasao [Q]: My name is Sasao from SMBC Nikko Securities.

As for the first question, I would like you to clarify a few things about the price increase. I believe you mentioned the price increase for chain and motion control from November, but I would like to know how much impact you expect this price increase to have on your business performance.

The impact of the price increase on income in the chain operations at the beginning of the fiscal year was JPY200 million, I believe, but the impact on income for the full fiscal year is JPY300 million. Is it correct to understand that this difference is contributing to this fiscal year? There should be some variable costs involved, so let me know if I've misinterpreted anything.

Nagai [A]: As you just mentioned, if we assume that everything has been effective, we estimate about JPY200 million (positive impact on income), but since we raised the price in November, the actual effect on sales will be from the beginning of the next year to February. We are expecting about half of the effect in the current financial year.

Sasao [Q]: Understood. Thank you. In the case of motion control, I think the price rise caused income to increase from JPY200 million to just under JPY400 million. Can I ask about the level of this impact?

Nagai [A]: Yes. When all is accomplished, we estimate the overall impact, with about half of the sales effect occurring this fiscal year as per the chain operations..

So, while we've raised prices across the board, there are still some users and products that aren't profitable and are dragging the overall price down. This has been an issue for a while now. But, since the whole industry is already moving towards reviewing prices, we're going to focus on setting the right prices for each user and product. We'll also make sure our sales teams and factories are all on the same page to help correct the pricing for these products.

How well this works will depend on the negotiations, and there are a few things we can't predict yet, but we definitely want to make sure we follow through on it.

Sasao [Q]: Thank you. As for other areas, other than reviewing such unprofitable items and raising domestic prices, is it correct to understand that it is not easy to raise prices uniformly except for chains and motion control in other regions?

Nagai [A]: Yes. However, although the term price increase is used to describe a price hike, in reality, the increase in labor costs, purchase costs, etc., and the increase in costs for us, when we look at all products, can be largely absorbed by a 5% pass-on.

Sasao [Q]: I see. So, this is done domestically?

Nagai [A]: We have implemented this overseas as well.

Sasao [M]: I see.

Nagai [A]: That's why we are raising the price by 5% for all products exported overseas from Japan.

Sasao [M]: I see. Thank you.

Sasao [Q]: May I ask one more question? I would like to ask about mobility. I was wondering if you could tell me about the consolidation of factories that you mentioned on page 20. Regarding the timing of this, whether you have already started or not, when it will be completed, and are there any costs associated with this that we should be aware of in the short term?

Sato [A]: I will answer your question. First, we have already completed the consolidation of the two Indian Ocean Rim bases in Thailand into a single base. We have achieved a slight upturn in income since this fiscal year. However, since the Thai automobile market is quite bad, we have not seen an actual increase in income due to the decline in sales, but we have been able to maintain a reasonable level of income.

In Europe, we had two bases, one in the UK and the other in the Czech Republic, but due to Brexit and the demands of continental automakers, we are closing the UK operation and consolidating it with the Czech Republic operation. This is exactly what we are doing now. We are in the process of completing the transfer of manufacturing next month, with the aim of ending mobility operations in the UK in June next year.

After next year, the numbers will grow considerably for Europe. As mentioned earlier, there is strong demand for hybrids and plug-in hybrids, and we had been focusing exclusively on battery EVs, but this is a change in the policy. We expect considerable growth in Europe in the next fiscal year due to increased production of gasoline engines and internal combustion engines by existing customers and full-scale mass production of newly launched large-scale projects. Accordingly, we are expecting to benefit from this reorganization as well as from the current restructuring. That's all for now.

Sasao [Q]: Thank you. I understand that there are expectations for the next fiscal year in Europe as well, and I would like to ask about the income situation in H2. In mobility operations, I believe that sales were strong in H1 with the launch in the Americas and Europe in full swing, but I see that the sales trend is expected to be slightly negative in H2 as seen in the plan this time.

I am not sure if we should be concerned about the trend so far or if the situation in Japan and the weakness in China are problems that have continued since H1, but I would be interested in receiving details of the situation in H2 if the trend is likely to worsen.

Sato [A]: So, China and, as mentioned earlier, Asia. China is suffering from unexpectedly bad conditions. Originally, we had planned to start up one project in H2, but that was delayed significantly, and so on.

According to the mid-term plan we made before COVID-19, we had expected China to grow considerably, but after COVID-19, the market has already shifted to battery EVs, and in that sense, China has declined considerably, and rebuilding this market is now an issue.

And, as mentioned earlier, Thailand. Here, too, it is generally said that loan approval has been tightened, but it is now back to normal. This is causing a hold back on car purchases. The Thai economy, as a whole, is dependent on China, as with the rest of Asia. The Chinese economy has inevitably pulled the economy down in Asia, which was also unexpected. Income in H2 is being heavily influenced by the two regions of Asia and China.

Sasao [Q]: Thank you. I would like to ask one more question about the materials handling operations regarding the trend of orders. I think the forecast for this fiscal year was lowered due to low sales during the period, but what about other order trends?

Can you take up the challenge of achieving the scale of sales and profitability that you were aiming for in the current fiscal year and beyond in the next fiscal year? Are you likely to receive orders that will be even higher? I would be happy to receive an update on such a current situation.

Okamoto [A]: I will answer your question. As you said, the situation in Japan is undoubtedly very difficult in terms of sales for the current fiscal year.

However, orders have been very strong, especially for logistics as it was mentioned, and also for factory automation due to investment in EVs. We have received a considerable number of orders in these two areas, and we are also accumulating a considerable number of orders at the backlog level. If anything, we do not expect to see the same decline as this fiscal year in Japan in the next fiscal year. That is all.

Sasao [Q]: Thank you. Also, regarding the overall structure of your company, with President Trump being elected in the US, the possibility of tariffs on exports is increasing, and I wonder about the structure of your production, what areas are at risk, and whether you have a system that allows for production shifts, etc., and what kind of risks are associated with each business. On the other hand, I was wondering if you could tell me if there are any areas that could be opportunities. I would be happy to learn more about the production system in the US, in terms of tariff issues.

Nagai [A]: I understand. As for risk in power transmission, for the US market, we send parts by knockdown from Taiwan and Japan. We are concerned about how this will affect US profits this time around. We would like to work out the details of this issue.

On the other hand, I think the situation will become very difficult with China, as there are many other chain manufacturers in the US that purchase from China, so I think this will be a great opportunity for our business in the US. We would like to consider these things.

On the other hand, another concern, as Mr. Sato explained earlier, is that business in China itself is shrinking very rapidly, which means we will likely have to rely on exports in that case. One risk is that we would have to force such exports. Furthermore, since there is a serious problem exporting from China, we need to look carefully at the threat of conducting knockdown when conducting business overseas.

Sato [A]: Regarding mobility. We are concerned about what will happen to our operations in Mexico, since the new US President Trump sees Mexico as an enemy in some respects. First of all, our operation in Mexico supplies parts that are used in trucks, so we are looking at tariffs on trucks from Mexico to the US, which would have an impact on that side of the business. On the other hand, there is also talk about the possibility of manufacturing in the US, but since the production of cars cannot be increased suddenly, I think the shift of production in the US will be gradual. So, in the long run, the US operation may see business growth, but in the near future, we are a bit concerned about operations in Mexico.

Also, there are quite a few car manufacturers that export from Japan, and we are wondering whether car manufacturers that export a high percentage of their products will be forced to raise incentives or lower prices due to the increased tariffs. We will have to deal with that, so we are a little concerned about the impact on sales in that area as well.

With Trump becoming the new president, one of the biggest concerns is how exports from Mexico and Japan will change.

Okamoto [A]: Since the beginning of this year, Central Conveyor has finally started to turn around from a loss-making structure to a profitable one, and we were actually doing some work related to capital investment in EVs, but I heard that the overall capital investment stopped just before the presidential election.

However, in talking with the local people, now that the presidential election is over, domestic FA-related investment in North America is expected to begin, and I am very hopeful that this will be common to both Japanese and American automobile companies. I am very much looking forward to that.

Sasao [M]: Thank you. That is all.

Moderator [M]: I will now read out the questions we received by text.

Participant [Q]: Regarding the Mid-Term Management Plan 2025, I think we are seeing a big difference in the progress of the mid-term plan in each operation. Next year is the last year of the plan, but target numbers remain unchanged. What are the reasons for keeping them as is? This question also asks about guidance for the next fiscal year.

Kimura [A]: I would like to answer this current question. We are currently working on our Long-Term Vision 2030, and have decided where we want to be for 2030. Based on this plan, we are now in the fourth year of our mid-term management plan for 2025, which is the midpoint of the long-term vision plan. During that time, the numerical targets have not changed, as you asked earlier.

There are many ways of thinking about this, but I believe that it is very important to have a strategy for how to fill in the gaps toward our target goal. In reality, we have actually worked to determine the gaps between the initial plans and the annual plans each year, and what measures we will take to close those gaps. We have been doing this in 2021, 2022, and 2023 in that order.

Therefore, overall, we do not believe that it is impossible to achieve the numerical targets we have set at the beginning. However, as you pointed out, there are some business segments that have a slight or rather large gaps between where they are now and the targets.

At this point, we are continuing to pursue the initial target because we are focusing on strategies to fill in the gaps against our initial goals. However, for next year's goals, we believe that we should set targets for each segment that are in line with reality, although we have said that we will do so. We are currently preparing our budget for the next fiscal year, and we would like to present our goals in a way that is easier for investors to understand. Please understand it this way. That is all.

Moderator [M]: Continuing on, here is another question by text.

Participant [Q]: At the May earnings announcement, you mentioned India, South Africa, the Middle East, and other regions as measures to expand global sales in chain operations. What is the progress here?

Nagai [A]: I will now explain the status of globalization of chain operations. One is to capture the regions of India, South Africa, and the Middle East where we have significant room for growth.

As for India, during the COVID-19 period, the local president at the time was sent back to Japan, but he has since returned to India to formulate a strategy. In addition to the four industries that we initially planned to capture, we have added four more that will become important when we look at India in the future, and we are developing strategies and actions for each of them.

One is to strengthen the distributors. In fact, we have already established several distributors and are now working with them. We are also working on the establishment of a new sales office.

In addition, we have also started manufacturing products in India because it is very difficult to export to India from Japan, etc. and sell them. We have commenced preparations at our materials handling factory in India to enable them to handle chain knockdown. We are preparing for local manufacturing based on this. Then we would like to start researching suppliers and establish a production base in India.

Last fiscal year, I made two business trips to South Africa, and in the course of my research on business in South Africa, as well as in Southern Africa and Africa as a whole, I found that the only business we were doing in South Africa was chains for sugar production. We have already identified more than 20 Japanese companies and more than 30 local companies in the mining, food, and steel industries with which we can do business and demonstrate our strengths. We are now in the process of establishing a representative office.

It is taking us about half a year to do this. The process is quite long, and as soon as the process is completed, we will commence a full-scale study. in the meantime, we would like to collaborate with the European sales team to support order receipt activities in the next fiscal year. Depending on the situation, we are considering establishing a sales office in South Africa in three years' time.

As for the Middle East, we are in the process of starting a survey. That is all.

Moderator [M]: Continuing on, here is another question by text.

Participant [Q]: I have heard that Tsubaki VegyMove, which you have introduced to us, is an unconsolidated subsidiary. I would like to ask what synergies you expect between VegyMove and your company, TSUBAKIMOTO CHAIN.

Akesaka [A]: Regarding VegyMove, TSUBAKIMOTO CHAIN has been manufacturing automated equipment for plant factories in the past. In addition, the acquisition of the former Kidaya Shoten has given us access to their cultivation know-how and plant sales channels.

At the same time, the three plants owned by the former Kidaya Shoten will be added to our own Mihama Plant next year, making that 4 plants where lettuce and other plant products will be sold.

Our intention is to incorporate the company into our consolidated subsidiaries once it has grown, with the primary focus being on boosting sales of automation equipment. We expect demand for large-scale artificial plant factories to increase in the future, and we hope to contribute to our business performance through the synergistic effect of linking our sales to such demand. That is all.

Moderator [M]: Thank you very much.

This concludes the earnings announcement of TSUBAKIMOTO CHAIN's Q2 settlement of accounts. Thank you very much for your participation today.

[END]