



TSUBAKI REPORT
2023

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 shareholders 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 also 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, the Global Reporting Initiative (GRI)'s Sustainability Reporting Standards. Reporting Period: April 1, 2022 to March 31, 2023 (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)

Tsubaki's Thirst for New Challenges Never Ends

As a group that continues to innovate in the domain of the "art of moving", the Tsubaki Group challenges itself to transform itself with a medium- to long-term view while holding firm to its identity and core competences. We will continue to simultaneously increase our social value and economic value.

Tsubaki's Identity

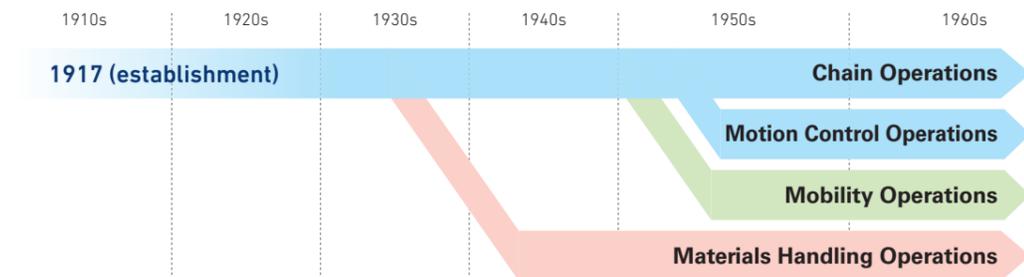
A Tireless Drive to Create Added Value

Founded in 1917, Tsubaki began as a small bicycle chain factory. We later branched out into motion control, mobility and materials handling, making a total of four business areas.

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.

And behind it all is the frontier spirit, challenge-seeking spirit and co-creating spirit that have been a part of us since we were first established.

No matter how much times change, our identity remains as it always has been. Tsubaki continually strives to create additional environmental, social and economic value.



"Value-discerning open-mindedness and cooperation"

"Make quality products"

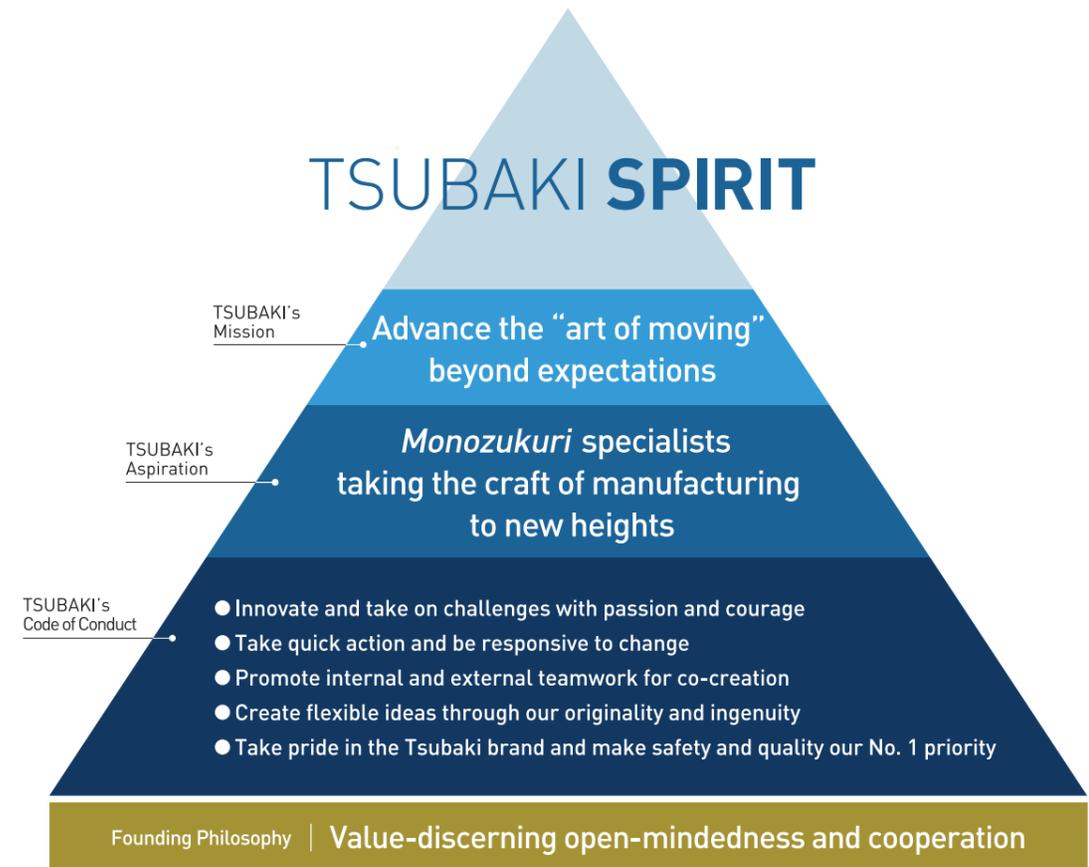
"Don't be a follower—blaze your own trail"

Setsuzo Tsubakimoto
Founder



Corporate Philosophy

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



Tsubaki's Core Competences

The Creation of Corporate Value on a Solid Foundation

Tsubaki has a foundation built throughout a history of over 100 years.

Our ability to maximize our corporate value comes from our strong foundation of core competences, including our global responsiveness that enables us to give customers around the world what they need when they need it, our manufacturing capabilities that enable highly efficient manufacturing of reliable, safe and environmentally friendly products, our product development capabilities that enable us to respond quickly and accurately to customer and market needs and our solution proposal capabilities, which enable us to meet customers' latent needs, all supported by a solid financial foundation.

The Four Competitive Advantages Built on Our Solid Financial Foundation

Global responsiveness

We have a network of 82 companies in 26 countries and regions. We bring advanced solutions and products with added value when they are needed.

Manufacturing capabilities

We are continuously innovating in our production to achieve exceptional quality and deliver reliable and safe products. We constantly strive for greater productivity.

Product development capabilities

We develop products with a high degree of added value to meet customers' varying needs, including energy saving, labor saving, space saving and clean work environments.

Solution proposal capabilities

We combine a wide range of product groups, including parts, units, modules and systems, with new technologies to create user-centered proposals that set us apart from the rest.



Financial foundation

We have a solid financial foundation with an equity ratio of 64.9% and a net D/E ratio of -0.1 (net zero debt). We use this solid financial foundation to make ongoing investments in further strengthening our global responsiveness, manufacturing capabilities, product development capabilities and solution proposal capabilities.

Our Three Core Technologies

Winding transmission and conveyance technology

The technology we have developed since we were first founded, this includes highly efficient winding transmission technology, such as chains, and conveyance technology.



Optimizing technology

We combine our products and technologies and proactively incorporate other companies' technologies where necessary to provide the perfect solutions for challenges our customers are facing.



Mass produced technology

We produce a wide range of high-quality products in varying volumes. Representative products include industrial-use chains and timing chain systems for automobile engines.



Solid Position

Industrial-Use Steel Chains
No. 1 share* of the global market

16%



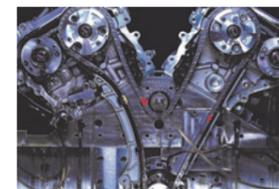
One-Way Clutches
No. 1 share* of the Japanese market

90%



Timing Chain Systems
No. 1 share* of the global market

39%



Tilt-Tray Sorter
No. 1 share* of the Japanese market

Over 70%



*Source: Tsubakimoto Chain Co.

Tsubaki's Vision

Striving to Make Greater Contributions to Solving Social Issues

To achieve our Long-Term Vision 2030, the Tsubaki Group aims to become a corporate group that can contribute to the sustainable growth and development of people, society, and the planet by expanding into next-generation businesses, alongside our existing business domains. Through our highly functional and highly automated "Linked Automation" technology, we will take on challenges in new businesses such as agriculture, medical care and welfare, and energy and open doors to future societies.

Mid-Term Management Plan 2025

Stage 1 of the Action Plan for Realizing Long-Term Vision 2030

Strengthen profitability of existing businesses and position Stage 1 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:	Based on 30%
Reduction of CO ₂ emissions	Down 30% from FY2013 (Target: Domestic)	
	Down 20% or more from FY2018 (Target: Overseas)	

Seeding period for new fields

FY2021

FY2025
(plan)

FY2030
(plan)

Target sales:
¥ 500 billion

New fields

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

Innovative growth

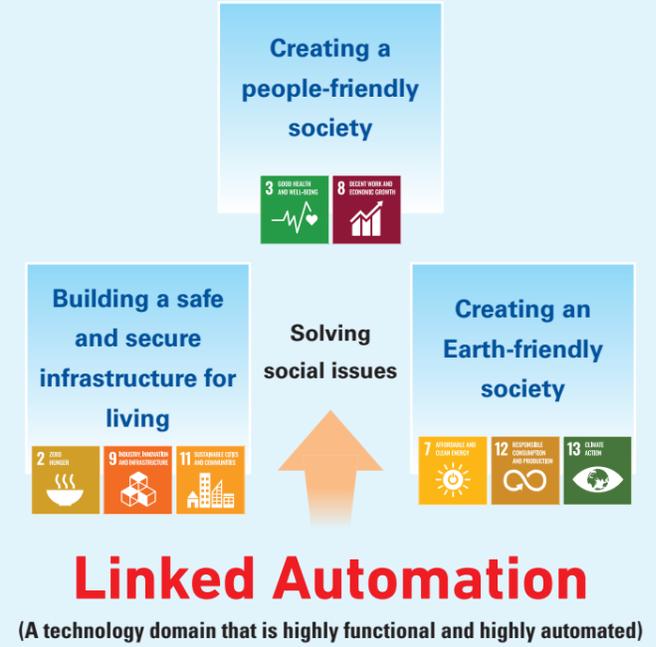
Expansion of conventional business through innovative methods, including M&A

Organic growth

From existing initiatives

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.



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 using Linked Automation technology
- 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

WHERE

Where Is Tsubaki Headed?

Demonstrating Tsubaki's value in the field of motion and opening doors to future societies



Kenji Kose

Chairman and CEO, Representative Director

Financial Recovery from the Pandemic

In fiscal 2022, consolidated net sales increased by 16.5% year-on-year to ¥251.5 billion and operating income increased 6.4% year-on-year to ¥18.9 billion. Due to the global economic stagnation caused by factors such as COVID-19, our consolidated net sales fell to ¥193.3 billion and our operating income fell to ¥8.8 billion in fiscal 2020, but both have steadily recovered between then and fiscal 2022. Chain Operations performed particularly strongly. Record figures were achieved for net sales and operating income ratio yet again. This is due to the overwhelming competitive edge created by quality and performance

factors such as wear resistance, strength and environmental performance, which has strengthened our brand power. Another factor was the renewed attention paid to Tsubaki's stable global supply capabilities as geopolitical risks fracture supply chains.

In the machinery parts domain, which has reportedly reached maturity, we achieved greater growth by adding value and improving the reliability of our supplying power. These are strengths of Tsubaki's, and we will continue adopting unique and creative strategies to make contributions for our customers and society.

Tsubaki's Purpose

Tsubaki has set out where we want to be by 2030 in our Long-Term Vision 2030: "We aim to be a corporate group that contributes to solving the following three social issues through Linked Automation technology: creating a people-friendly society, building a safe and secure living infrastructure, and creating an Earth-friendly society."

Put simply, I want us to be a company that will earn the gratitude of our customers and other stakeholders.

The social issues we are tackling are immense, and we will not reach our targets simply by taking our past success stories a few steps further. What society truly needs is not only advances in hardware but also innovative solutions. As professionals in the field of motion, Tsubaki's purpose is to delve into innovative solutions.

Our aim now is to share our purpose with all of our employees and gain strong engagement from them as we transform into a company that provides intangible

value. In order to do so, it is important to take many different opportunities for more in-depth dialog between management and employees.

In fiscal 2022, we launched T-Startup, a new internal business proposal system. We received 100 proposals, more than we expected. It was clear that sharing the proposals and the selection process with all of our employees sparked an interest in becoming involved in the creation of new businesses. We have carried out a series of structural reforms to strengthen cross-functionality between our divisions because interaction between people and between organizations leads to the co-creation espoused in our Code of Conduct. We are also accelerating our collaborations with major telecommunications companies possessing network technology and ventures, universities, and research facilities possessing advanced AI, IoT, and robot technology.

Taking on Big Challenges for the New Tsubaki

It's Time to Show Tsubaki's Potential

The World Tsubaki is Aiming For

To contribute to solving those three social issues, we are taking on new challenges in areas with a divergence that will amaze society. Our existing initiatives in the agricultural business (plant factories) and the PCS (power control system) business are being taken to a new stage with the aim of creating full-fledged businesses. We have also begun working on our Multi-purpose e-Cargo, an electrically assisted three-wheel bicycle, as an end product of our initiative to take a new direction from human-assistive technology, regenerative medicine and our usual domain of BtoB business.

We are accelerating measures against climate change through initiatives to reduce greenhouse gases and endeavors to contribute to solutions through our products. Our reduction initiatives earned us SBT* certification in May 2023. From fiscal 2023, we will set higher targets for both Scope 1 + 2 and Scope 3 and accelerate our activities to reduce our total CO₂ emissions.

In our CSV initiatives, we went beyond our existing scope for Eco Products and defined Sustainable Products that contribute to accomplishing the SDGs as a whole. To strengthen these activities, we will set new KPIs, such as these products' ratio of net sales and the reduction in CO₂ emissions achieved by these products, to visualize the value they add and the degree to which they contribute to society.

Opening doors to the future is something Tsubaki cannot do alone. In addition to co-creation with universities and other companies, it will be essential to gain the understanding and support of customers, business partners and other stakeholders. Tsubaki will accelerate its dialogues with each stakeholder based on this growth story. I hope that our stakeholders will continue to support and encourage us in future.

* Science-based targets (SBT) are greenhouse gas emission reduction targets consistent with the 2°C target (1.5°C target) requirements of the Paris Agreement.



HOW

How Will Tsubaki Achieve its Long-Term Vision?

Rapidly invigorating sites and strengthening our human capital and technological foundations

Takatoshi Kimura
President and COO, Representative Director

More In-depth Internal Communication

Q. It's been about a year since you were appointed as COO in June 2022. What has been your highest priority in your work?

In our Long-Term Vision 2030, we announced our 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. It's a grand vision, but ultimately I felt trepidation about how much the people at each site actually understood this vision. The conclusion I reached at the time I became COO was that we should close the gap between management and our sites.

Of Tsubaki's businesses, Materials Handling Operations

has the most opportunities to interact with customers, and it's easy to figure out the issues and needs of those who are next in the chain after our customers. On the other hand, power transmission businesses like Chain Operations and Motion Control Operations, which handle products such as mechanical parts, are businesses where it is difficult for the people at our sites to get a sense of how these businesses are connected to the end customers and society beyond them. There is no way our site personnel's awareness will change if we simply say

"address these three social issues" without considering the characteristics of each business. It is very important to have more in-depth dialogues with site personnel, and this is the job of supervisors. Thorough work in this area is the first thing I tell Tsubaki executives to do.

I, too, am actively working on direct dialogue. I am particularly prioritizing more in-depth communication with our overseas bases, which were cut off from us during

the pandemic. After visiting our American subsidiaries in September 2022, I began visiting overseas subsidiaries once every two months. I think that clearly defining the direction we should take and our strategies, then explaining them in concrete terms will alleviate employees' concerns and motivate them to address social issues.

Creating an Environment that Makes it Easy to Take on Challenges

Q. We are accelerating the creation of next generation businesses through measures such as establishing the New Business Development Center and T-Startup, our new internal business proposal system. Tell us about these initiatives.

We already had a New Business Development Department at our headquarters, and each division had a function for development of new businesses. From fiscal 2023, we will merge these functions to create our New Business Development Center and expand our workforce in this area. T-Startup, which we launched in fiscal 2022, will also be run by the New Business Development Center in future and will be utilized to find inroads into new businesses.

T-Startup was started on a trial basis. We ended up receiving 100 proposals, more than we expected. I personally read all of them. Many of them centered

on solutions to the three social issues we are aiming to address in our Long-Term Vision 2030, and I could clearly see the high level of awareness and motivation of these employees.

We will work on full-fledged business efforts for the four suggestions that were selected in T-Startup's second screening process, along with businesses that Tsubaki has been involved with thus far, like our agricultural business and PCS business. We have also begun division-level challenges separately from the New Business Development Center, including development of the world's smallest chain, which will be used in

Carry out structural reforms to promote innovative growth and new fields and strengthen cross-divisional functions encompassing all businesses

Main Initiatives	Aims
Integrate Power Transmission Operations	Create synergy between Chain Operations and Motion Control Operations
Launch Project for Practical Applications of Regenerative Medicine	Advance into regenerative medicine domain based on the know-how we have developed in our warehouses with ultra-low-temperature automated picking of samples such as chemical compounds and DNA
Launch Maintenance Reform Project	Cooperation between maintenance domains of Materials Handling Operations and Power Transmission Operations
Divide Mobility Division into Timing System and e-Mobility	Structurally separate existing businesses from new businesses and actively invest in new businesses
Establish New Business Planning & Development Center	Quickly launch new businesses and strongly promote further exploration of new businesses throughout all organizations in the company
Establish DX & IT Center	Improve productivity through the use of DX, promote external sales of DX and strengthen IT functions

Interview with the COO

technology such as robotic hands, and new endeavors in regenerative medicine. From fiscal 2023, we will branch out of the BtoB domain and advance into end products for BtoC and BtoBtoC. Mobility Operations is working on the development of Multi-purpose e-Cargo Electric Bicycle, an electrically assisted three-wheel bicycle that anyone can use with ease. A prototype was exhibited at a trade fair in May 2023 and received a positive response.

There are more than a few issues that must be overcome when setting up a new business. But risks are necessary for advances that will exceed society's expectations, so we will boldly invest in those new businesses.

Failures are also inevitable in new ventures. We must make sure that employees will never lose points on their evaluations for taking on challenges with due process. With this in mind, we have also begun revising our personnel evaluation system.

And so, all in all, this year has seen Tsubaki build a corporate culture and environment where employees can get excited and take on challenges, knowing that failure is accepted, carry out structural reforms such as breaking down the barriers between the organizational silos, fortify our technological foundation, and establish dedicated organizations for new businesses.

Further Strengthening our Supply Chain

Q. Issues like the conflict between Russia and Ukraine and shortages of supplies such as semiconductors have sparked questions about the reliability of supply chains. How is Tsubaki addressing this?

Delivering products to customers in a timely manner is critical for Tsubaki's survival.

Tsubaki has been working to fortify its supply chain. We have set up a cross-functional team for material procurement and are sharing procurement strategies throughout the Group to strengthen collaboration, and we are seeing results from this work.

There is some variance between our businesses, but as a general rule, Tsubaki's products are locally produced

for local consumption, and we had already been strengthening our global network. These initiatives, too, have contributed to alleviating supply chain risks. Additionally, Chain Operations has significantly increased its market share in recent years, particularly in the Americas. I believe that this is the result of Tsubaki improving its competitive edge on quality and performance and solidifying its reputation for steady product supply performance.

Accelerating Synergy Creation After Acquisitions

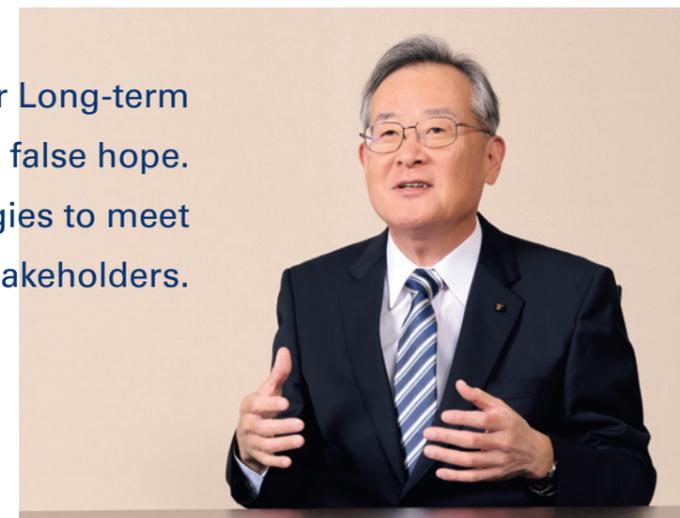
Q. In fiscal 2018, Tsubaki acquired Central Conveyor Company, LLC (CCC), an American materials handling subsidiary, but it has continuously posted losses. Please explain the reason and the measures Tsubaki is taking.

CCC made major losses on an ultra-large project for an American automobile manufacturer as COVID-19 caused labor costs to soar and projects to take longer. I sincerely apologize for the damage the impairment loss caused to our corporate value and the concern this caused to our shareholders.

All work has now been completed for the project that harmed CCC's results. The key challenge going forward is to generate synergies as part of the PMI process. The aim of our acquisition of CCC was not simply to acquire CCC's customer base. It was to expand Tsubaki's materials

handling business globally through measures such as expansion of cross-selling and to share CCC's system integration know-how, a strength of CCC's, throughout the whole Group. We have finished handling the unprofitable project and overhauled the local management structure, and from now on we will dedicate ourselves to quickly creating the synergy we expected to achieve initially.

We will not let our Long-term Vision be a false hope. We will rapidly execute strategies to meet the expectations of our stakeholders.



A Multifaceted Approach to Strengthening our Human Capital and Technological Foundation

Q. These days, an increasing focus is being placed on strengthening the foundations that cannot be seen. How is Tsubaki working on this?

We will not be able to come up with innovative solutions if we focus solely on our own resources. In order to quickly create the next generation of businesses, we are actively acquiring specialist personnel from outside fields like medicine and DX. As it is currently difficult to secure personnel, we are taking measures such as setting up a base that is convenient for our DX personnel and enables efficiency and productivity.

We will also work more actively than before on cultivation of human resources. Tsubaki has always carried out internal initiatives for cultivation of human resources—for example, we were quick to set up our Techno School—and with times changing, we are now redoubling our efforts in this area, including active

participation in outside seminars and reskilling.

In terms of our technological foundations, we are refining core technologies such as our winding transmission and conveyance technology, optimizing technology and mass produced technology, as well as accelerating collaborations with multiple companies and universities in advanced fields such as image recognition technology and robotics. In logistics warehousing, we have begun cooperations with a major digital telecommunication company that has a wealth of experience and know-how in network-building and data storage. In future, we will actively work on open innovation to enable faster execution and greater feasibility.

Increasing our Corporate Value by Promoting Dialogue with Capital Markets

Q. PBR is still below 1. Do you have any comments about measures to improve this?

The fact that our current share price has driven our PBR below 1 is disappointing for both our management and our employees. We will steadily work on strategies to tackle this issue and carry out extensive dialog with capital markets about matters such as our results.

During fiscal 2023, we plan to introduce ROIC as a management metric for each division. Stringent monitoring will also be carried out at our sites to improve

capital efficiency. In May 2023, our Board of Directors decided to buy back 1.2 million of our shares (maximum ¥5 billion, acquisition period June 2023 - March 2024) and write off the entire value. We will actively carry out agile capital measures to respond to changes in our business environment and maximize our cash flow.

We will increase profitability and capital efficiency, and reflect this in shareholder returns. We will invest actively and early in accomplishing our Long-Term Vision 2030.

Yasuhiro Akesaka

Executive Officer, Finance & Accounting, Corporate Planning



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

Where fiscal 2020 (the final year of the previous Mid-Term Management Plan) saw a slump in results due to factors such as the global economic stagnation caused by the pandemic, both net sales and operating income recovered in the consolidated results for fiscal 2021 and fiscal 2022. In fiscal 2022, net sales were 1.3 times those of fiscal 2020 and operating income was 2.1 times that of fiscal 2020. Operating income ratio increased by 2.9 points and ROE increased by 1.6 points from fiscal 2020.

In our business environment for the last two years, factors such as the global economic recovery and the weak yen have been tailwinds, but there have also been

headwinds such as inflation and difficulties in material procurement caused by geopolitical risks. This was offset by an increase in revenue in Chain Operations and Mobility Operations due to factors such as an increase in demand and market share, as well as some price increases passed on to our customers.

Our financial foundations have become more solid. Interest-bearing debt decreased by around ¥7.4 billion in fiscal 2022 compared to fiscal 2020 and the net D/E ratio remained negative (net zero debt) for the second year running at -0.1x.

Financial Capital Strategies to Achieve Long-Term Vision 2030

FY2025 Targets

- **Net sales: ¥300 - ¥320 billion**
- **Operating income ratio: 9-11%**
- **Capital efficiency (ROE): 8% or more**
- **Shareholder return - Dividend payout ratio: Based on 30%**

Mid-Term Management Plan 2025 is the first step in our action plan to achieve Long-Term Vision 2030. Gradually approaching the target figures set in Mid-Term Management Plan 2025 and ensuring smooth early investment in the creation of the next generation of businesses will be critical financial capital strategies for achieving Long-Term Vision 2030.

I will first explain our progress toward the target figures in fiscal 2022. Profitability (operating income ratio) was 7.5% and our capital efficiency (ROE) was 6.4%. The target for profitability is 9-11% and the target capital efficiency is 8% or more, so more effort is needed to improve these two figures. We will seek to increase profitability through initiatives such as increasing sales of products with a high market share and taking measures such as automation and labor saving to improve

productivity and decrease costs. We plan to increase our capital efficiency not only by increasing profitability but also by adding ROIC to the metrics for each of our divisions during fiscal 2023 and strengthening our business operations with a focus on capital efficiency.

During the five years of Mid-Term Management Plan 2025, we plan to invest ¥30-36 billion of our expected free cash flow of ¥50-60 billion in the creation of the next generation of businesses.

With regards to shareholder returns, we have met our pledged target payout ratio of 30% despite current circumstances. With that said, our Board of Directors decided to acquire 1.2 million shares of our treasury stock (maximum ¥5 billion, acquisition period June 2023 - March 2024) and write off the entire value due to the increase in our balance of cash in hand and cash equivalents.

In future, we will dedicate ourselves to improving our corporate value and enhancing shareholder returns through capital efficiency improvements. These will be accomplished both by managing ROIC in each division and carrying out agile capital policies in line with changes in our environment.

We have established a DX & IT Center to expand our DX business. We are also focusing on securing and cultivating DX human resources.

Hisao Nishii

Managing Executive Officer, DX & IT Center



Opening of DX & IT Center

Investment in DX and IT is a matter of urgency in our manufacturing business in order to overcome staff shortages and inflation and increase our competitive edge. For the last few years, we have had a DX Promotion Team in place and have been strengthening production reform activities through DX and cultivating DX human resources. In fiscal 2021, we established a DX Business

Department and began selling Manufacturing DX, a one-stop solution for monitoring and analysis functions to suit customer sites based on cases in our own plants.

We have now established a DX & IT Center to centralize our previously separate management resources and promote efficient and proactive DX and IT strategies.

Expanding our DX Business Through Offense and Defense

As I mentioned above, Tsubaki is carrying out DX strategies to reform manufacturing and operational processes in the Group through automation and labor saving, while also selling DX solutions for manufacturing to improve our competitive edge and expand our business.

Each of our businesses has distinct manufacturing characteristics. For example, Chain Operations manufactures various products in various volumes, while Mobility Operations mass-produces products with a high level of quality. Each site has a person in charge of DX, who visualizes how the machinery operates and how the operators work, analyzes data and compiles DX technology and know-how. We are utilizing our digital technology to build a framework that can handle a variety of production formats. In addition to activities to solve issues at our sites, we have also rolled out plant optimization activities with the aim of improving productivity through data linking.

From fiscal 2022, we have been utilizing the DX technology and know-how we have developed based on the current situation of our sites to fully roll out FabriKonec, a one-stop DX solutions business for automated and unmanned operations, from site analysis to monitoring systems. We are proud to provide a DX solution that only a manufacturing business can create.



A solution from sites' perspectives to bring about transformation after visualization

Securing and Cultivating DX Human Resources and Improving DX Literacy

With staff shortages worsening, DX human resources are in high demand among various companies. In the case of the manufacturing business, many manufacturing bases are in regional areas, which tend to be far from where DX human resources are based, and thus do not tend to be considered by these professionals. For this reason, we have opened a DX technology base in Ikebukuro, Tokyo,

where we are actively working to secure DX human resources.

It is also important to improve DX literacy at our sites to facilitate autonomous activities. Internal training is being carried out to equip human resources with a knowledge of DX, and we are actively encouraging reskilling.

Striving for Sustainable Growth and Further Improvement in Corporate Value from a Medium- to Long-Term Perspective



Keiichi Ando

Issues to Address as We Further Accelerate New Fields and Innovative Growth

As we tackle the strategies in Mid-Term Management Plan 2025 with a view to achieving Long-Term Vision 2030, it will be particularly necessary to develop innovative technology to achieve innovative growth and explore new markets to create the next generation of businesses (new fields).

As our environment changes, it will be essential to strengthen the foundations of our human capital and technology to sustainably create innovation. Our greatest priority is to build a strong human capital portfolio that can handle strategic business fields through measures such as utilizing AI and IoT technology, strengthening cultivation of DX and global human resources, and securing human resources in advanced technology fields. It will also be critical to continue actively working to strengthen research and development investments in facilities such as our Research & Development Center and New Business Development Center, which are the foundations of our growth strategy, and form collaborations with other companies, including open innovation.

Initiatives for Further Improvement of Corporate Value

To achieve sustainable growth, the Tsubaki Group is strengthening its initiatives for new fields in next-generation businesses such as e-mobility,

regenerative medicine, human-assistive technology and agriculture, and has made major progress in the development of these businesses.

Tsubaki will need to accurately address changes in our external environment and meet customer needs in order to elevate the Tsubaki Group's presence as a corporate group that contributes to solving social issues through the Linked Automation technology identified in Long-Term Vision 2030. In addition to utilizing our excellent technical capabilities to create new technologies and products, it will be essential to maintain and strengthen our products and competitive edge, including in our existing businesses. Each and every one of us will need to share the vision espoused by Long-Term Vision 2030 and make solid efforts to strengthen our people and organizations by creating a lively organization and climate where everyone can take on bold endeavors with motivation and a thirst for a challenge.

Active Participation in the Formulation of Growth Strategies and Business Strategies

The Tsubaki Group is working to strengthen its corporate governance through measures such as strengthening its operational management functions, separating its management and executive functions, ensuring transparency in its management, engaging in rapid, bold decision-making, and evaluating the effectiveness of its Board of Directors. With that said, environmental issues, the declining birthrate and aging population, and geopolitical risks have brought major changes in our business environment. As companies' social responsibilities grow, we as outside directors actively participate in the formulation of growth strategies and business strategies for the company, taking a medium- to long-term perspective and bringing broad, wide-ranging viewpoints.

As a corporate group that contributes to solving social issues, we will work to achieve sustainable growth and further improve our corporate value.

Striving to Improve Both Economic and Social Value with an Awareness of Financial Metrics



Hisae Kitayama

Management Practices with an Awareness of Capital Costs, Capital Profitability and Growth Prospects

In Mid-Term Management Plan 2025, the Tsubaki Group aims to achieve ¥300 - ¥320 billion in net sales and an operating income ratio of 9-11%. Our ROE target is 8% or more, and capital costs (WACC and shareholder capital costs) have been calculated accordingly. ROIC will be introduced as a metric for each division in future. We will be conscious of capital costs, capital profitability (ROE and ROIC) and share prices (market cap and PBR) and work to achieve metrics such as ROE that exceeds shareholder capital costs and ROIC that exceeds WACC by accurately assessing and evaluating the current status, setting policies and targets for improvements, and discussing and monitoring specific initiatives at Board of Directors' meetings.

I think that sustainable growth and further improvement of medium- to long-term corporate value can be achieved through management practices with an awareness of capital costs, capital profitability and growth prospects in addition to net sales and profits, and measures such as revision of our business portfolio.

Cultivating and Strengthening Global Human Resources is a key point

The Tsubaki Group is conscious that human resources are our greatest management foundation. We are cultivating

human resources to facilitate growth in our employees, which will then result in growth of the company. The driving force of this growth will be the technical capabilities we have continuously refined as a manufacturing company. We are actively working to pass on and strengthen those technologies and skills for the next generation, strengthen our human resources and improve employee engagement.

As globalization continues, it will be important to bring our governance system up to a global level, including Group operations and particularly our overseas subsidiaries, and cultivate and strengthen our global human resources.

Working to Improve Economic and Social Value

In addition to strengthening our business foundations as a manufacturing company, we are working to provide solutions outside the scope of manufacturing. We are creating new products and businesses that contribute to solving social issues and are promoting innovative value creation that exceeds society's expectations, but we will also need to take on challenges more swiftly and boldly.

In such an opaque environment with such dramatic changes, diverse values from new perspectives are needed in order to spur innovation and strengthen our risk management framework. As a management strategy, we have been strongly promoting diversity in our management, such as advancement of women and hiring of overseas nationals, as well as strengthening our global risk management system and improving our group governance system.

We are striving to improve both our economic value and our social value and working to contribute to sustainable growth of the company and the building of a sustainable society.

Messages from New Outside Directors

Utilizing Site-Oriented Experience and Thirst for a Challenge to Grow the Tsubaki Group



Takashi Tanisho

- 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. (current)
- April 2023: Director and Advisor, Hitachi Zosen Corporation
- June 2023: Advisor, Hitachi Zosen Corporation (current)
- June 2023: Director, Tsubakimoto Chain Co. (current)

This is an age of dramatic changes, and with such a high ratio of our sales coming from overseas, the Tsubaki Group also faces geopolitical risks. But we as management must not shrink away from changing risks. Our job is to make forecasts for the future, think about what we must do now, make strategies accordingly, and demonstrate leadership.

And no matter how much we shift from the tangible to the intangible in our businesses, Tsubakimoto Chain is still a manufacturing company. In manufacturing, what matters is how much you contribute to your customers and society. In order to do that, it is essential to refine our technology and continue taking on new challenges. I think the way to become a company that can contribute to society is by thinking of the whole company's business

processes as technologies in themselves and continuing to refine them.

We need to disclose information about a wide range of non-financial factors that are benchmarks for the sustainable growth of a company, such as its management strategies and responses to climate risks. And the most important factor is human resources. I will share the experience and thirst for a challenge that I have developed through a site-oriented approach in areas such as manufacturing and management with the future managers in whose hands we will later leave Tsubakimoto Chain. I want to contribute to cultivating human resources who can look a little way into the future from a company-wide, global perspective and discuss business issues and their personal growth.

SPECIAL FEATURE

Taking on Challenges for the New Tsubaki

Opening Doors for the Future

We will solve social issues with technology in the field of motion.

We are working to go beyond our existing domains and quickly create the next generation of businesses.

Accelerating Creation of New Businesses to Accomplish Long-Term Vision 2030 with the Aim of Solving Social Issues

Amid the remarkable speed of progress in technological innovation, we as a manufacturing company are working to strengthen and expand the business foundations (human, organizational and technical foundations) we have developed thus far.

We are also working on initiatives for the creation of new businesses with the next generation in mind, such as establishing our New Business Development Center and launching new businesses.

Promoting Co-Creation Through Active Cooperation Between Internal and External Parties

An organization such as the Tsubaki Group, which engages in a wide range of businesses, from parts to units, modules, and systems, is rare, even on a global level. This is one of our major strengths. However, organic growth alone will not facilitate the achievement of Long-Term Vision 2030. It will be essential to explore new

fields. And that cannot simply be an extension of the business we have conducted thus far. Achieving this vision requires new fields that combine two types of innovative growth: growth through innovative technological development, and growth by pioneering the development of new markets, including advancing into the BtoC field. We are also decisively making prior investments in securing human resources who will carry out that work, strengthening our exploration of new businesses, and building and strengthening frameworks for implementation.

We are also breaking out of the self-sufficiency mindset and actively forming industry-industry and industry-academic collaborations with venture companies, universities and research institutes. Through these initiatives, we will create opportunities for co-creation both inside and outside the company and build an environment where employees can create new businesses.

Part 1 Exploring and Creating New Businesses

We interviewed Futoshi Tanyama, the manager of the New Business Planning & Development Center we established in April 2023.

Q Tell us about the aim of creating this center.

We aim to achieve our Long-Term Vision 2030 through three types of growth: in addition to organic growth, which is an extension of how we have done business thus far, we will work on innovative growth, where we will utilize more innovative methods to increase the scale of our businesses, and new fields, where we take on challenges in totally new areas. The New Business Planning & Development Center is for new fields, to explore new businesses and promote creation of those new businesses.

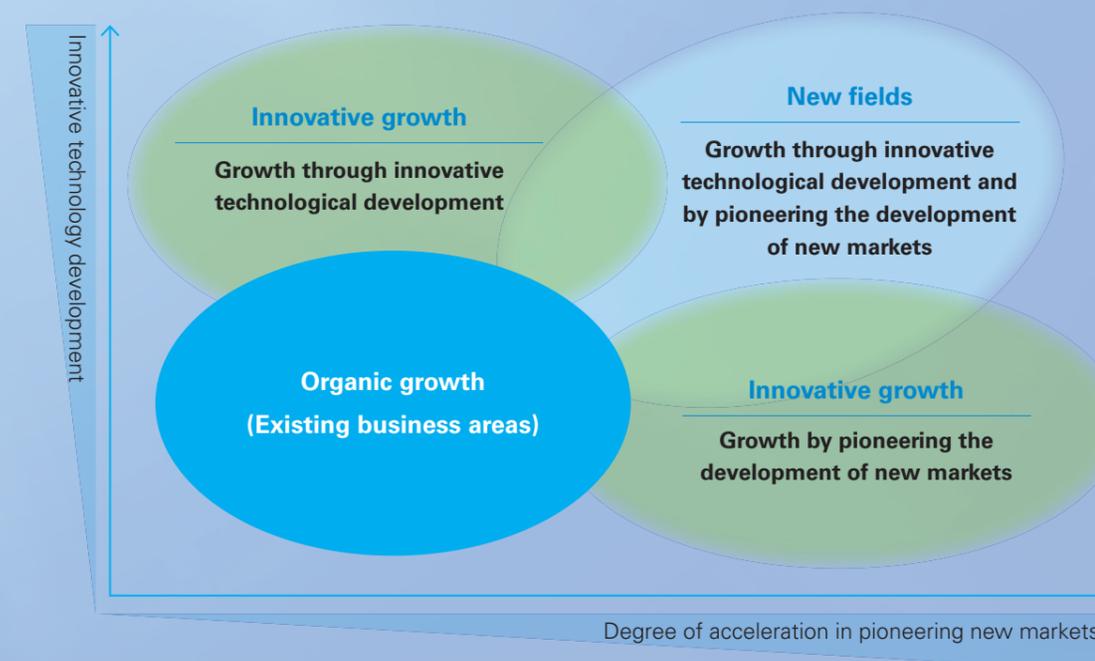
Thus far, headquarters and each of our business divisions worked independently on exploring and creating new businesses. But when this is done at a division level, the work tends to slow down when our existing businesses get busy. And divisions have tended to hesitate to make decisive investments as they know they will be entirely responsible for profitability.

This center was established to alleviate issues like these and consolidate our resources for developing new businesses. After we see a pathway to creating each business, we plan to separate them from the New Business Development Center and create new divisions to develop them.



Futoshi Tanyama
Senior Executive Officer,
New Business Planning &
Development Center

Tsubaki's Medium- to Long-Term Growth Trajectory



Q Tell us about the structure and role of this organization.

The New Business Development Center started with around 80 members and comprises the following four organizations.

1. New Business Development Department

This department mainly focuses on exploring new businesses, and is in charge of T-Startup, the system that was launched in fiscal 2022 to seek suggestions for new businesses from within the company. T-Startup received 100 suggestions and four of them were selected in the second judging process in February 2023: “Zero Carbon,” “Mobility Society,” “Medicine and Life Sciences,” and “Data/Images/DX.” All of these will provide solutions to the three social issues that Tsubaki wants to address, and are based on unique advantages that Tsubaki possesses.

The people (or groups) who made the suggestions have already begun trying to create their businesses. There are many issues that will need to be overcome in future, such as technical collaborations with other companies, compliance with laws and regulations, and confirming safety, but we will work on resolving each of these and dedicate everything we have to create these businesses quickly.



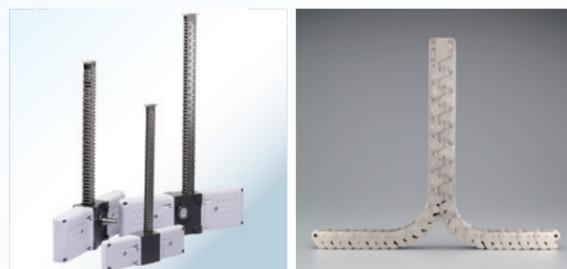
Dedicated intranet site for T-Startup

2. Zip Business Development Department

This team will work on development of new applications for zip chains. Unlike standard chains, zip chains consist of two chains locked together to create a strong columnar structure. These innovative products can be used to push or pull things. Made from a combination of Tsubaki’s technology, these chains have been used in products such as lifters and actuators.

Our Zip Business Development Department is making maximum use of the merits of zip chains, such as their

controllability, durability and use of environmentally-friendly electric power, to further expand their uses.



Zip Chain Actuator (left) and a zip chain (right)

3. PCS Business Development Department

Tsubaki has released a V2X* bi-directional EV charging system called eLINK. EV charging is a domain with many players and intense competition, but only eLINK enables bi-directional power supply: in addition to charging EVs, an EV can be connected to a home, building or electricity grid to supply power (V2X). Its functions can be expanded to serve as a resource for virtual power plants (VPP), among other uses. We are capitalizing on this networkability, focusing our sales routes on large housing complexes, public facilities and buildings to expand this business.

* V2X stands for “Vehicle to Everything”. This term refers to the way the electric vehicle (V) can be connected and bi-directionally linked to various things, such as buildings, housing and electricity grids (X).



eLINK installed at a public facility

4. Service Business Development Department

Of Tsubaki’s four businesses, Materials Handling Operations is the most dependent on maintenance services as a pillar of its business. In future, we will expand our maintenance services to Power Transmission Operations. With staff shortages worsening, maintenance is a major burden on our customers too, and demand for outsourcing is growing. We are building a framework for cooperation throughout the Tsubaki Group and diversifying our range, including subscriptions, to create a win-win relationship between Tsubaki and our customers.

Part 2 Launching New Businesses

We have begun endeavors for new businesses to solve social issues as professionals in the field of motion.

In addition to the initiatives at our New Business Planning & Development Center, we are working on a number of other new endeavors, including the construction of a large plant factory by the agriculture business department at headquarters and the development of an electrically assisted three-wheel bicycle by Mobility Operations.

Construction of a Plant Factory to Move Agriculture

With issues such as a decrease in the farm worker population and now-regular occurrences of unusual weather patterns, there is an increasing need for a steady supply of safe, high-quality vegetables. Tsubaki has been developing automated systems such as seedling transplanters and vegetable lifters for plant factories since 2014. We have now taken a new step, building our first plant factory with artificial light as a development base for expansion and automation of plant factories to meet the growing demand for plant factory vegetables in the convenience store, restaurant and takeout markets.

The factory will be built in Mihama Town in the Mikata District of Fukui Prefecture. In addition to creating local jobs, we will work together with local companies to create a steady supply of safe, secure and high-quality leafy vegetables, contributing to solutions to issues faced by farmers, including reducing food loss.



Our plant factory, which grows industrial lettuces that are larger than retail lettuces. We aim to ship 2.2 tons each day.

Multi-purpose e-Cargo: Moving Transport

As aging of populations accelerates, particularly in the Global North, transportation for those who have become too old to drive is an issue. There are also increasing cases of restrictions on car usage in major cities and tourist areas.

Tsubaki is working on the development of Multi-purpose e-Cargo, an electrically assisted three-wheel bicycle with “a multi-purpose electric vehicle that anyone can use with ease” as its main concept. A prototype was exhibited at Bicycle-E・Mobility City EXPO 2023 in May 2023, where it received a positive response. In addition to utilizing core technologies from Power Transmission Operations—chains and cam clutches—in mass-produced technology developed by Mobility Operations, we worked together with ICOMA Inc., which is known for TATAMEL BIKE, to create a comfortable and stylish design. Featuring an abundance of safe and secure proprietary mechanisms from Tsubaki, this product is expected to be launched on the market during fiscal 2024. Multi-purpose e-Cargo will expand transport options and contribute to the building of a zero carbon society.



Multi-purpose e-Cargo, an electrically assisted three-wheel bicycle with an outstanding design

Value Creation History

Since our establishment in 1917, we have developed our businesses by building up our unique technological and product development capabilities, which are our strengths, while anticipating the needs of the times for over a century.

1917

The Mid-1940s Onward

The 1970s Onward

The 1990s Onward

The 2010s Onward

The 2020s

The 1910s Onward

Laying the Foundation for Becoming a Machinery Manufacturer in Step with Japan's Modernization

Tsubaki was founded in 1917 to manufacture bicycle chains. Anticipating the progress of mechanization in Japan, the Company shifted completely to the manufacture of chains for machinery in 1928. We met customer needs by expanding our product lineup from drive chains to include conveyor chains. In 1937, we delivered a large-scale conveyor plant to a cement factory, thereby widening the scope of our businesses to encompass the materials handling domain.

The Mid-1940s Onward

Underpinning Japan's Postwar Reconstruction and High Economic Growth

Tsubaki did much for 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 handling systems, contributing to Japan's industrial development.

When motorization came to Japan, we began mass production of timing chains for automobile engines in 1957 and branched out into the automotive parts business (currently Mobility Operations). With the development of large chain reducers in 1958, we then expanded our business scope to include a power transmission units and components business (currently Motion Control Operations).

The 1970s Onward

Developing Products in Keeping with Drastic Change in the Industrial Structure

To cater to Japan's changing industrial structure, Tsubaki steadily developed highly functional, high-precision chains and factory automation (FA)-related systems. Entering the 1980s, as automobile engine timing chain systems shifted from chains to belts, the Company produced belts while focusing efforts on developing smaller and lighter timing chains. A reappraisal of the durability and environmental performance of our chains led to an expansion in their adoption in new engines in Japan and overseas.

In the late 1980s, we began local production of chains for machinery and timing chain systems in North America.



Manufacturing chains at the Minamihama Plant in Osaka, where Tsubaki was founded (around 1930)



C-60 class chain for use at coal faces helped boost coal production (around 1930)



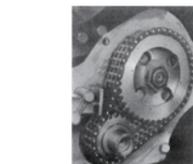
Assembling a chain for use in floodgates (around 1930)



Part of the first large-scale conveyor plant delivered by the Company (1937)



Conveyor system for a chemical fertilizer plant, which was well received for its performance (late 1940s)



Timing chains for automobile engines, for which we began mass production (1957)



Development of chain motors in addition to large chain reducers (1958)



Noman Curve overhead conveyor delivered to an automobile plant (1961)



Automated coil packaging system that contributed to labor saving on packaging lines (1976)



Plastic side roller chain developed for free flow conveyors (1981)



Cathode ray tube coating process system adopted by many electronics manufacturers in Japan and overseas (1982)



Lube-free Lambda Chain, which requires no maintenance and has a long service life (1988)

The 1990s Onward

The 2010s Onward

The 2020s

The 1990s Onward

Building a Global Production System

Amid domestic economic stagnation stemming from the collapse of the bubble economy, Tsubaki worked to raise productivity and reduce fixed costs while expanding its global sales and manufacturing bases. As part of these efforts, the automotive parts business expanded its share of the worldwide market by establishing a globally optimized production system to meet global demand for engines. In 2008, we launched the Zip Chain Lifter using newly developed zip chains that overturned conventional wisdom on chains.

The 2010s Onward

Promoting Product Development Based on CSV Activities Attuned to Protecting the Environment

As awareness of the need to address environmental issues grew, Tsubaki accelerated its development of Eco Products that help customers reduce their environmental impact and improve their economic performance. In addition, products such as distribution systems for mail-order shopping that focus on alleviating labor shortages and reducing human error, and automated sample storage systems for use by research institutions for drug discovery, DNA handling, and other purposes, achieved strong recognition.

At the same time, we also took on the challenge of developing new businesses to lead the next generation of businesses, such as the agricultural business and the V2X bi-directional electric vehicle (EV) charging system. Amid progress in technological innovation for automobiles aimed at achieving carbon neutrality, we strengthened our systems for developing highly functional parts in order to expand our business domain to mobility in general, including EVs.

The 2020s

Accelerating Our Contribution to Solving Social Issues

Mid-Term Management Plan 2025, which got underway in fiscal 2021, will accelerate the development of new products and businesses to contribute to solving social issues. We will help realize a sustainable society by deploying our Linked Automation technology to offer solutions that anticipate diversifying customer needs.



LiniSort, linear motor drive automated sorting equipment (1992)



Automatic guided vehicle (AGV) paper feeding system, which has contributed to the automation of newspaper roll conveyors and the improvement of operations (1996)



Power Drive Chains for four-wheel drive vehicles, a new automotive parts product (1997)



Zip Chain Lifter, which facilitates high-speed, high-frequency operation and high-precision stopping (2008)



Low-debris Cleanveyor, ideal for use in clean rooms (2013)



eLINK, a V2X bi-directional charging system enabling the supply of electricity stored in EVs to buildings and other locations (2013)



Bucket elevator for biomass power plants (2016)



IoTSpecification Small Gear Motor featuring power, temperature, and vibration sensors (2019)



LaboStocker 150, a small refrigerated storage system for new drug discovery that is the first in the world capable of storing items at temperatures lower than -150°C (2016)



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

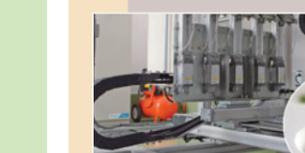


Autran Vanguard, an automatic handling system for plant factories (2021)



FabriKonecT, DX solutions for manufacturing (2022)

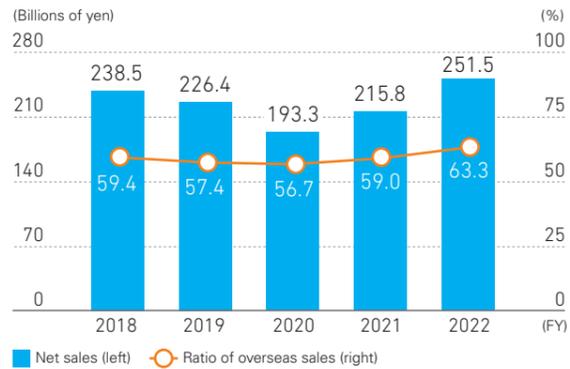
Supporting Society through Our Products

	General Industrial Applications	Vehicles	Resources / Materials	Food / Medical Care	Infrastructure / Environment	Consumer / Entertainment Facilities			
Chain Operations	 <p>Machine part manufacturing equipment RS roller chains, zip chain actuators, gear reducers, other</p>	 <p>Automotive power sliding doors Cable carriers</p>	 <p>Offshore oilfield platforms Cable carriers</p>	 <p>Sorting machines for apple processing plants Small-size conveyor chains</p>	 <p>Passenger boarding bridges for airports Power cylinders, cable carriers, other</p>	 <p>Claw crane arcade games Cable carriers</p>	 <p>Conveyors for conveyor belt sushi restaurants Plastic top chains</p>		
Motion Control Operations	 <p>Lines manufacturing medical rubber gloves Large-size conveyor chains</p>	 <p>Automobile assembly plants Four-axis Zip Chain Lifter</p>	 <p>Conveyor equipment for coal mines Mining chains</p>	 <p>Beverage plants Plastic top chains</p>	 <p>Watertight doors for subways and disaster prevention Zip chain units</p>	 <p>Movable barriers for train station platforms Brushless motors, timing belts, other</p>	 <p>Devices for opening and closing stadium roofs Steel cable carrier system</p>		
Materials Handling Operations	 <p>Machine tools ATC chains, Power-Lock</p>	 <p>Robots Cable carriers</p>	 <p>Nursing care vehicles Gear reducers, chains, couplings, cable carriers</p>	 <p>Iron ore unloaders Unloader chains</p>	 <p>CT (computed tomography) scanners Power cylinders, gear reducers, other</p>	 <p>Floodgates Cable carriers</p>	 <p>Stage elevator equipment Zip Chain Lifter</p>	 <p>Escalators Step chains</p>	
Materials Handling Operations	 <p>Transporting machine tool swarf Chip conveyors</p>	 <p>Part conveyor equipment for vehicle service plants Autran Vanguard</p>	 <p>Coil stockyards Coil Robo</p>	 <p>Automatic handling system for plant factories Autran Vanguard</p>	 <p>Biomass power plants Bucket elevators, flow conveyors</p>	 <p>Mail-order shopping distribution systems QuickSort</p>	 <p>Bond document management systems Security Stocker</p>		
Materials Handling Operations	 <p>Press plants Scrap conveyors</p>	 <p>Vehicle painting lines New traverser systems</p>	 <p>Cement plants Bucket elevators</p>	 <p>Regenerative medicine, etc. LaboStocker</p>	 <p>PCR testing Equipment for automated PCR testing</p>	 <p>Desulfurization and denitrification devices (steel plants) Bucket elevators</p>	 <p>Newspaper printing plants Paper-feeding AGV</p>	 <p>Mail-order shopping distribution systems Shipping system using small AGVs</p>	
Mobility Operations	 <p>Timing chain systems for automobile engines</p>			 <p>Power Drive Chains for four-wheel drive units</p>			 <p>One-way clutches for vehicles</p>		
Mobility Operations				 <p>EneDrive Chains for powertrains (electric vehicles / hybrid electric vehicles)</p>			 <p>Plant factories Automatic seedling transplanter unit</p>		
New Businesses				 <p>DX solutions for manufacturing FabriKonec</p>			 <p>V2X bi-directional EV charging systems eLINK</p>		

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

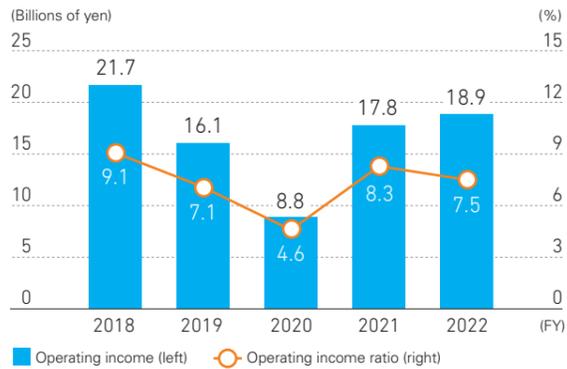
The Tsubaki Group will simultaneously expand its financial and non-financial value by increasing the added value of the products it offers through technological innovation while proactively promoting non-financial activities, such as reducing its environmental impact and establishing a favorable working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

Net Sales / Ratio of Overseas Sales



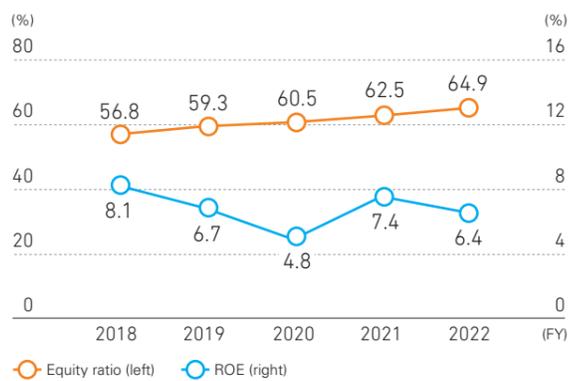
The economic recovery, weak yen and increase in market share for our leading global products saw an increase in overseas sales, particularly in the Americas and Europe.

Operating Income / Operating Income Ratio



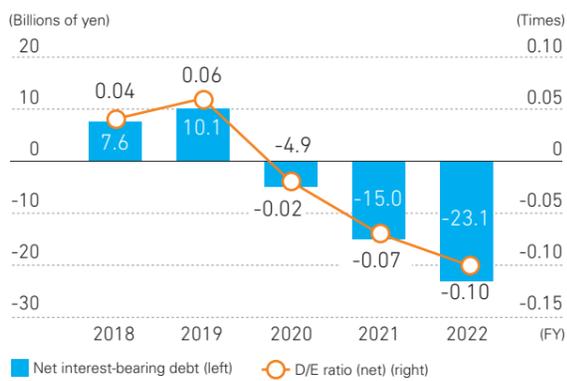
Increases in material costs were covered by measures such as increasing the prices of some products and improving productivity. As a result, operating income increased despite a decrease in operating income ratio.

Equity Ratio / ROE



Our equity ratio increased due to factors such as a decrease in interest-bearing debt. ROE decreased due to factors such as a decrease in operating income ratio and the accumulation of liquidity on hand.

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



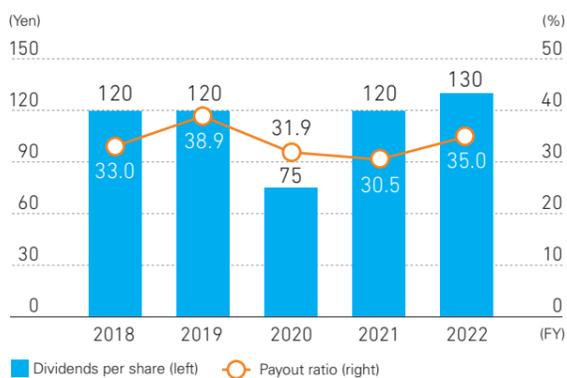
Negative net interest bearing debt grew further due to a decrease in interest-bearing debt and an increase in liquidity on hand. The net D/E ratio stood at -0.10 times.

Cash Flows



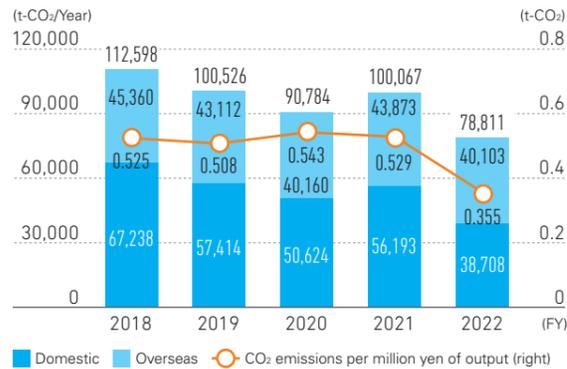
Free cash flow of around 24 billion yen has been generated in the two years since Mid-Term Management Plan 2025 began in fiscal 2021.

Dividends per Share*1 / Payout Ratio



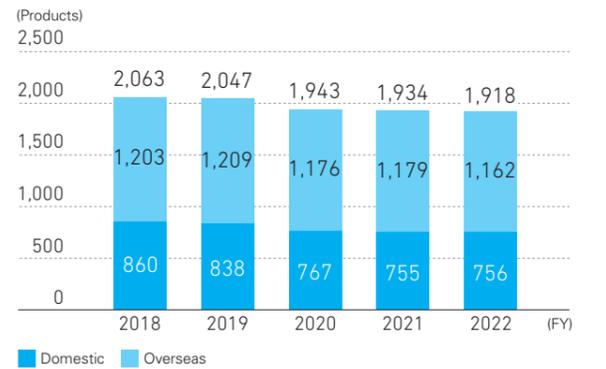
Dividends per share in fiscal 2022 amounted to ¥130, up ¥10 from the previous fiscal year. The Company has maintained a dividend payout ratio of over 30%.

Total CO₂ Emissions*2 / CO₂ Emissions per Million Yen of Output



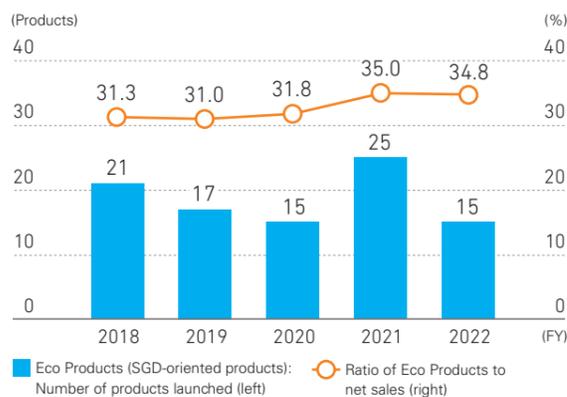
Total CO₂ emissions decreased by 21% despite a 17% increase in production as a result of energy saving activities and zero-carbon electricity introduced both in Japan and overseas.

Number of Patents Held



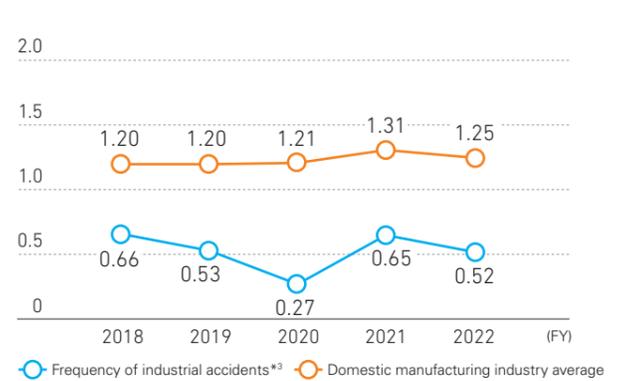
The intellectual property division and related divisions cooperate to promote patent application activities. These divisions continued activities to raise awareness of and establish intellectual property activities, such as holding training and issuing guidelines.

Eco Products: Number of Products Launched / Ratio of Net Sales



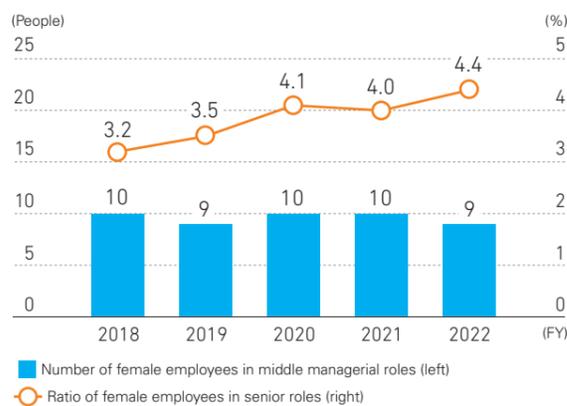
The number of new products registered decreased in fiscal 2022 due to a decrease in the number of products launched, but their ratio of net sales remains strong.

Industrial Accident Status (Domestic)



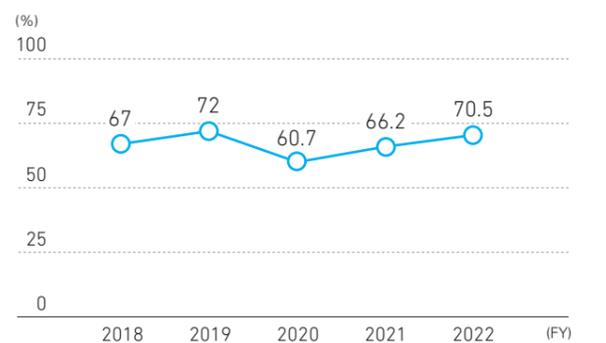
We issued a Safe-Person Manual to classify past accidents experienced by the Tsubaki Group and prevent them from reoccurring, and human-factor accident elimination activities were carried out.

Number of Female Employees in Managerial Roles / Ratio of Female Employees in Senior Roles (Domestic)



The ratio of female employees increased (9.6% as of April 1, 2023) due to awareness-raising activities in the Group. The ratio of female employees in senior roles also increased by 0.4 points.

Ratio of Paid Leave Acquisition



Ratio of paid leave acquisition increased by 4.3 points year-on-year as a result of planned activities at both a company-wide level and a workplace level to encourage employees to take paid leave.

*1 The Company consolidated common shares at the ratio of five shares to one share on October 1, 2018. The share dividend amount shown for the fiscal year ended fiscal 2018 was calculated based on this share consolidation.
 *2 The scope of calculation is the Group's 11 major manufacturing bases in Japan and 16 major manufacturing bases overseas. The CO₂ emission factor for electric power uses the Emission Factors by Electric Utility Operator published by the Ministry of the Environment.
 *3 Frequency of industrial accidents = Number of accidents leading to work stoppages ÷ Total number of hours worked × 1,000,000

Tsubaki's Value Creation Process

Please refer to pages 30 and 31 for details

Areas of focus in the external environment from the perspective of risks and opportunities

Climate change	Recycling-oriented society	Declining birthrate/aging population/labor shortages	Diversifying workstyles
Human rights	Increasing safety and security awareness	Rapid changes in external environment	Stricter corporate governance and compliance

The Tsubaki Group will evolve Linked Automation technology that combines its own core technologies in the field of motion with next generation technologies related to artificial intelligence (AI) and the Internet of Things (IoT). Through these efforts, the Group will accelerate the development of products with higher added value and the creation of next-generation businesses in highly functional and highly automated technological domains. At the same time, we will focus on addressing a variety of risks, such as environmental conservation, to balance expansion of economic value and enhancement of social value.

Corporate Philosophy

TSUBAKI SPIRIT

Input—Status of Tsubaki's Capitals and Future Direction

Strategies for Financial and

Non-Financial Activities

Output/Outcome

Capital Inputs

(As of March 31, 2023)



Financial Capital

Net D/E ratio
-0.10 times (essentially debt free)



Manufactured Capital

Number of manufacturing companies
10 in Japan and 36 overseas



Intellectual Capital

Number of patents held
1,918



Human Capital

Number of employees
8,691 (52% overseas)



Social and Relationship Capital

Global bases
82 companies in 26 countries and regions



Natural Capital

Total CO₂ emissions reduction
40.2% in Japan and 11.6% overseas

(Reduction percentage calculated using base year of fiscal 2013 for Japan and fiscal 2018 for overseas)

Prioritize use of surplus funds to achieve the following goals while maintaining a solid financial foundation and a consolidated dividend payout ratio of 30% (benchmark)

Fortify technological foundation

- Combine Tsubaki's core technologies with external cutting-edge technologies through open innovation

Strengthen manufacturing and human foundations

- Enhance productivity and safety and energize personnel through loss- and waste-free *monozukuri*
- Bolster human and organizational foundations through workstyle reforms and other initiatives

Improve measures to address risks

- Purchase green electricity
- Step up environmental initiatives, such as accelerating CO₂ emissions reductions
- Strengthen corporate governance with the aim of ensuring sound, fair, and transparent business operations

Basic Strategies of Mid-Term Management Plan 2025

Create next-generation businesses

- Enter new business fields that address social issues
- Create and develop new products and technologies to solve social issues

Strengthen profitability of existing businesses

- Leading global products: Maintain and strengthen competitive advantage
- Leading niche products: Expand sales by improving price competitiveness

Reinforce business foundation

- Implement manufacturing reform and enhance human resource development
- Proactively invest in new businesses

Strengthen ESG initiatives

- Reduce total CO₂ emissions
- Enhance social value (creating shared value) through products
- Reinforce business foundation by strengthening governance and minimizing risks

Fiscal 2025 Numerical Targets

Net sales: ¥300.0 billion–¥320.0 billion

Operating income ratio: 9%–11%

ROE: 8% or more

Dividend payout ratio: Based on 30%

Initiatives to Address Sustainability Priority Matters

Under our Basic Policy on Sustainability, we have established material ESG (environmental, social, and governance) issues from the perspective of both risks and opportunities and begun coordinated activities throughout the whole of the Group. PDCA cycles are carried out based on key performance indicators (KPIs) to achieve sustainable growth and improve transparency.

Please refer to pages 44 and 45 for details

Establish 13 priority matters (material issues)

Manage progress using KPIs and report to Board of Directors

Strengthen initiatives to address remaining issues

Achieve KPIs for addressing the above priority matters

Output

Linked Automation

We are promoting the development of highly functional, highly automated technologies through measures such as ultra-miniaturization, strengthening of AI and IoT technologies, and composite technologies.

1. Development of products with even higher added value

- High-end products (ultra-miniature, ultra-precision, ultra-high accuracy, etc.)
- Products realized through advanced automation (automated, labor-saving, contactless, etc.)



2. Creation of next-generation businesses

- Human Assistance
- Maintenance
- Agriculture
- Life Science
- Energy Infrastructure
- Mobility



Outcome



Resolution of social issues

Contribution to solving the three social issues:

- Creating a people-friendly society
- Building a safe and secure infrastructure for living
- Creating an Earth-friendly society



Creation of economic value

- Expansion of business scale
- Enhancement of profitability and capital efficiency
- Improvement of shareholder returns



Creation of social value

- Tackling of climate change and development of a recycling-oriented society
- Addressing of social issues such as declining birthrate and aging population, labor shortages, diversifying workstyles, human rights and increasing awareness of safety and security
- Pursuit of transparent management

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.

*1 Science-based targets (SBT) are greenhouse gas emission reduction targets consistent with the 2°C target (1.5°C target) requirements of the Paris Agreement.
 *2 The Task Force on Climate-related Financial Disclosures (TCFD) recommends that companies analyze the impact of climate change on their financial status in terms of both risks and business opportunities and disclose climate-related information about their strategies and risk management plans.
 *3 The CDP (Carbon Disclosure Project) runs the global information disclosure system for investors, companies, cities, and regions to manage their environmental impacts.

Key Changes in the External Environment	Tsubaki's Understanding of Risks and Opportunities	Tsubaki's Initiatives and challenges
<p>E Environmental</p>  <p>Climate change</p> <p>Recycling-oriented society</p>	<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 accelerating the development of these value-added products. 	<ul style="list-style-type: none"> Set reduction targets for total CO₂ emissions as an environmental medium- to long-term target (fiscal 2025 reduction targets: 30% vs. fiscal 2013 in Japan and 20% or more vs. fiscal 2018 overseas) 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 In addition to reducing CO₂ emissions, advancing the reduction and reuse of waste, water consumed, and hazardous substances as well as the greening of factories Expanding the aforementioned initiatives to overseas Group companies Promoting compliance with global disclosure requirements, such as SBT*¹ and the TCFD*², in addition to CDP*³, with which we already comply 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.
<p>S Social</p>  <p>Declining birthrate/aging population/labor shortages</p> <p>Diversifying workstyles</p> <p>Human rights</p> <p>Increasing safety and security awareness</p>	<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 overcome this risk by taking proactive steps that include respecting human rights, promote 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 increase in demand for such products. 	<ul style="list-style-type: none"> 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 Putting in place an environment where older employees can take an active role as core human resources by extending the mandatory retirement age to 65 Promoting paid leave acquisition, remote working and other forms of flexible working as part of workstyle reforms. We are also promoting the use of DX for more efficient operations. Strengthening the passing on of technologies and skills by leveraging the 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
<p>G Governance</p>  <p>Rapid changes in external environment</p> <p>Stricter corporate governance and compliance</p>	<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. 	<ul style="list-style-type: none"> Separated strategy formulation and supervision (Board of Directors) from business execution (executive officers) and reduced the number of directors to a select few individuals 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 and executive officers (excluding non-residents) for improving corporate value and promoted performance incentives including the introduction of a stock-based compensation plan for internal directors With outside directors accounting for 50% of all directors as of June 30, 2023, 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 employee awareness activities in order to ensure thorough compliance with laws and regulations. Also set up internal (manned by the employee in charge of corporate ethics) and external (manned by a legal adviser) Corporate Ethics Hotlines

Business Segments at a Glance



See our website for details on our products
<https://tsubakimoto.com/products/>

Chain Operations

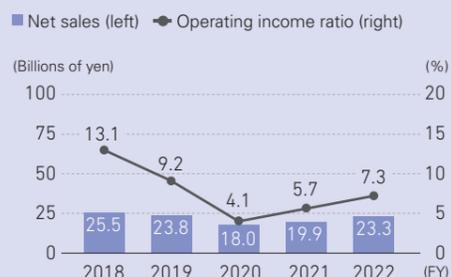


Underpinning All Forms of Motion

Wherever anything is being moved, there are chains. Chain Operations offers a lineup of approximately 20,000 types of chain, including drive chains, conveyor chains, and plastic chains. This business delivers chains of the highest quality that help raise productivity, save energy, and improve the environment for a host of industries, including the machine tool, automobile, steel, LCD/semiconductor, and food industries.



Motion Control Operations (formerly Power Transmission Units and Components Operations)



Proposing Optimal Motion and Control Through an Extensive Product Lineup

Motion Control Operations offers an extensive product lineup, including reducers, linear actuators, clutches, and controllers for motion and control industries such as automobiles, LCD/semiconductors, food, medical equipment, and machine tools. Making use of Tsubaki's unique composite technologies, we provide the optimal power transmission equipment.

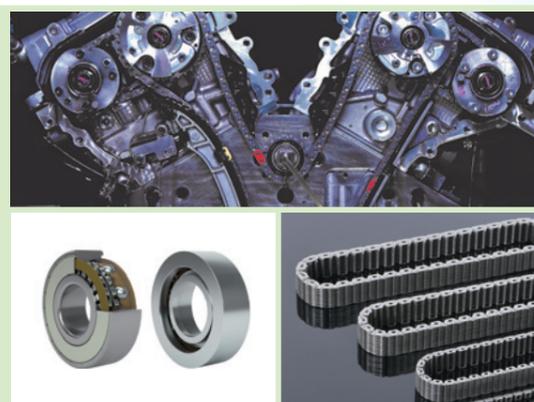


Mobility Operations (formerly Automotive Parts Operations)



Contributing to More Pleasant and Environment-Friendly Mobility

The timing chain systems offered by Mobility Operations that contribute to high-performance and eco-friendly automotive engines are global products with leading worldwide market shares. Tsubaki utilized the power transmission and mass production technologies it had cultivated over many years to develop Cam Clutches for vehicles and the EneDrive Chain series. In the next-generation mobility field, most notably electric vehicles (EVs) and e-Bikes, we provide highly efficient products that contribute to transitions to eco-friendly products.



Materials Handling Operations



Accurately Managing the Movement of Materials and Information

Materials Handling Operations products accurately and smoothly manage the flow of materials and information by means of conveying, sorting, and storing. In addition to automated sorting equipment for the distribution industry and automated picking and storage systems for the life sciences field, this business offers solutions that help improve the productivity of its customers and reduce their environmental impact, such as through manufacturing lines for the automobile, food, and other industries, and conveyors for biomass power plants and the machine tool industry.



FabriKonet: Providing DX solutions for manufacturers



Agricultural business: Creating the next generation of farms

New Businesses

Endeavors in New Business Domains

Moving forward, we will refine our core technologies and accelerate our efforts to take on challenges in new business domains by making full use of new next-generation technologies. With a focus on **Linked Automation** (a technology domain that is highly functional and highly automated), we aim to contribute to solving social issues through technology.



eLINK: Contributing to carbon neutrality



T-AstroX: Providing warehouse automation solutions

Endeavors Beyond the Scope of Our Business Domains

Power Transmission Operations (Chain Operations and Motion Control Operations)

Key Points of Our Growth Strategy

We will steadily carry out three forms of innovation: marketing innovation, to support solutions from the user's perspective, *monozukuri* innovation that is essential for improving cost-competitiveness, and product development innovation that directly solves major social issues.

Yasushi Nagai
Senior Managing Executive Officer,
Power Transmission Operations



SWOT Analysis

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

Review of Results for Fiscal 2022

Chain Operations

Net sales in Chain Operations increased 21.5% year-on-year in fiscal 2022. When broken down by region, particular growth was seen in the Americas, the Indian Ocean Rim, and Europe. In the Americas, the reaffirmation of Tsubaki's superior quality and performance and reliable supply saw customers continue to switch to us from our competitors and our in-store share among distributors continue to grow. In Europe, Tsubaki penetrated new markets, particularly highly functional conveyor chains for the food products industry.

As a result, we achieved a record operating income ratio for the second year running, at 15.2%. With our overall cost burden increasing for expenses such as materials and energy, we amended prices, penetrated the market further, and carried out production reform based on the concept of "an automated plant linking information and manufacturing," improving productivity through measures such as the utilization of DX. This drove our results.

Motion Control Operations

Net sales in Motion Control (MC) Operations increased 17.1% year-on-year in fiscal 2022. A double-digit increase in sales was achieved by addressing parts procurement issues in Japan, the main market for MC Operations at present, and strengthening our supply chain. Overseas, net sales in the Americas doubled year-on-year. This was mainly due to our purchasing of a coupling company and the synergies that have taken place after the acquisition, such as cross-selling (selling in sets). In future, we aim to create even greater synergies in areas beyond the

Americas' market, such as exporting to Asia.

The operating income ratio of MC Operations increased significantly, climbing to 7.3% in fiscal 2022 from 5.7% in fiscal 2021. While parts procurement issues impeded our production activities, our measures to mitigate this, such as promoting in-house production and working together with Chain Operations to strengthen our supply chain, proved effective.

Medium- to Long-Term Growth Strategies

1. Acceleration of Marketing Innovation

Chain Operations and MC Operations are working together on marketing innovation from the user's perspective. In addition to actively proposing solutions, we are working on transitioning to marketing with greater added value throughout our products' life cycle.

Specifically, we are promoting data creation and visualization of customers' latent needs throughout the life cycle. In fiscal 2021, we established CS & Inside Sales Department to further facilitate activities such as acquisition of new customers and assessment of their needs through non face-to-face contact. We also completed our introduction of a system for close collaboration between the inside sales, product development and sales teams. In fiscal 2022, full-fledged operation of this system commenced, and we are beginning to see effects such as an increase in direct contact from customers.

The cooperation between Chain Operations and MC Operations has not only created a synergy in the area of cross-selling; it has also led to greater efficiency and cost-competitiveness through cooperation in the areas of procurement, equipment acquisition and quality control.

2. The Next Stage of *Monozukuri* innovation

We are carrying out *monozukuri* innovation in the areas of labor saving and automation. For example, in fiscal 2022 we automated the process for greasing large-size conveyor chains, achieving dramatic labor saving. We also completed the construction of a fully automated line for one of our drive roller chains (RS80). Full-fledged operation is scheduled to commence in fiscal 2023.

3. Product Development Innovation

We have carried out major model changes of our roller chains, the main products in Chain Operations, around every 10 years. Product development for the next model change is currently underway. With "Earth-friendly and people (customer) -friendly" as the main concept, we are working toward a number of improvements on the previous model, including a 40% increase in wear resistance and a 20% increase in fatigue strength.

Our development of the next generation of roller chains is not only being tackled by our product development team; they are also working together with our production and sales teams. We believe that in addition to increasing conscious involvement by employees and speeding up the development of new products, this further increases employees' motivation.

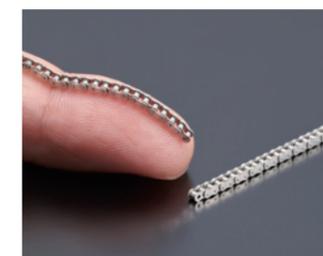
MC Operations is working on the development of new unit mechanisms using zip chains to expand the use of Tsubaki's proprietary zip chains into fields outside linear actuators. We have also created a compact drive unit for station platform doors that combines a DC brushless motor and a reducer. This has received positive reviews from customers. We will accelerate the development of drive units with more advanced control functions involving by AI/IoT.

Product Development that Drives Innovative Growth

The world's smallest chain jam-packed with technology

We are currently developing the world's smallest ultra-compact roller chain with the aim of releasing it in fiscal 2024. With a pitch of just 1.905mm, this chain is jam-packed with Tsubaki technology, achieving a strength that seems unthinkable for such a small chain. We are considering adopting a stainless steel material for the chain which is expected to be suitable for environments with corrosion and a wide range of temperatures.

In addition to an innovative layout suited to a wide range of applications, it will weigh less than 20g per meter, reducing energy in a wide range of stages from the production process to handling, and contributing to the creation of an Earth-friendly society. This will enable us to enter markets that can solve social issues, like advanced medical equipment and robotics, and contribute to creating a people-friendly society.



The world's smallest ultra-compact roller chain

Mobility Operations

Key Points of Our Growth Strategy

As the world continues to transition to a zero-carbon society, Tsubaki is reducing fuel consumption and contributing to longer lives of drive trains. We are also proposing new products for electric vehicles and working to create and commercialize new value targeting the next generation personal mobility society.

Isao Sato
Senior Executive Officer,
Mobility Operations



SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> Development of products that contribute to improving environmental performance, e.g. more efficient and lighter drive chains Responsive engagement and energy saving performance in one-way clutches for motorcycles 	<p>Weaknesses</p> <ul style="list-style-type: none"> Continued high level of dependency on products for internal combustion engines
<p>Opportunities</p> <ul style="list-style-type: none"> Increasing demand for environmentally friendly vehicle powertrains Society's need for environmentally friendly, life-enriching personal mobility modes to replace cars 	<p>Threats</p> <ul style="list-style-type: none"> Parts and systems manufacturers face increasing technology development and labor costs to cater to various options, including BEVs, FCVs and alternative fuel systems

Review of Results for Fiscal 2022

Net sales in Mobility Operations increased 17.0% year-on-year in fiscal 2022. The main factors were that our share of the timing chain systems market was around 39%, an increase of around 1 point year-on-year, due to a recovery in automobile production volume in Asia (apart from China), the Americas and Europe, as well as the weak yen.

However, operating income decreased by 2.9% year-on-year. The increases in material prices were mostly offset by passing on prices to our customers, but it was not possible to cover increases in labor costs and other expenses.

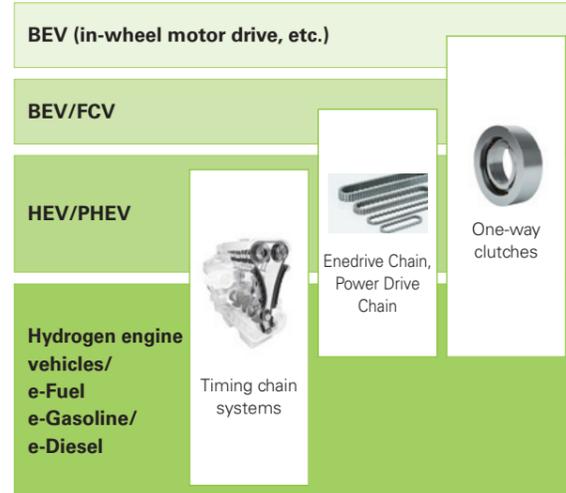
However, our cost reduction activities were more effective than expected. Specifically, productivity at our Saitama Plant increased by around 15% compared to fiscal 2019. A particularly significant effect was achieved in VA (value analysis) activities such as improvements made to increase press molding yield and reduction of resin and pin molding times.

To achieve a global share of 43% in the global timing chain systems market, we are strengthening our research and development and actively carrying out sales activities. For example, we are working on the development of new, environmentally friendly products such as timing chain systems for hybrid electric vehicles (HEVs), compact and lightweight tensioners, and low-noise sprockets. Our products are increasingly being used in new engine projects. In particular, there have been an increasing number of cases where our products have been adopted by local Chinese manufacturers.

The automotive industry's technical innovations to create a zero-carbon society have diversified from electric vehicles (BEVs) to fuel cell vehicles (FCVs) and e-Fuel. We are strengthening our development of new products so

that Tsubaki will be chosen by vehicle manufacturers no matter what the circumstances.

Tsubaki Products Used in Each Type of Vehicle



Medium- to Long-Term Growth Strategies

1. Strengthening Proposals of Mounted Parts for Electric Vehicles

In our existing business domains, in addition to further strengthening our development of environmentally friendly products for timing chain systems, such as tensioners and sprockets, we are actively working on parts for power drive chains, which are seeing increasing need in recent years.



Timing chain systems that can also be used in HEVs and PHEVs

The parking lock mechanism in conventional AT vehicles most commonly consists of a mechanism where the gears are locked by teeth, but for electric and hybrid vehicles, there is an increasing need for smaller and lighter motor units. We use a proprietary parking lock mechanism to achieve a superior size and weight. We are actively working on activities to facilitate adoption of these parts, including from a cost perspective.

2. Endeavors in Personal Mobility

In addition to ongoing activities to add value to our existing domains, we are working on endeavors to accelerate product development in the personal mobility domain. Two new businesses are starting to blossom through this endeavor.

The first is cam clutches for e-Bikes. We have received positive feedback from our customers for our more compact sizes and steady supply of high-quality products, and we are currently negotiating contacts with multiple European manufacturers.

The other area where we have commenced new

endeavors is our Multi-purpose e-Cargo, an electrically assisted three-wheel bicycle, which we also mentioned in "Launching New Businesses" on P21. A prototype was exhibited at Bicycle-E·Mobility City EXPO 2023 in May 2023, and received positive feedback from attendees. It is Mobility Operations' first endeavor to create an end product.

We plan to develop a range of e-mobility products in stages. For example, while there are many issues with Multi-purpose e-Cargo that need to be resolved before it is released, there is potential to develop parts to be sold separately, such as proprietary units and high-durability chains, and steadily commercialize these.



Multi-purpose e-Cargo (electrically assisted three-wheel bicycle), which we aim to release in fiscal 2024

>> Product Development that Drives Innovative Growth

e-Bikes: Hopping on a New Trend

First developed in Europe, e-Bikes have seen a rapid increase in demand as a new, environmentally friendly mode of transport. e-Bikes have a completely different target user base and product concept to the electrically assisted bikes that are popular in Japan, but they are growing into a large market as a new mode of transport with the potential to create a zero-carbon society.

Activities to expand their use throughout cities are accelerating. For example, in Rotterdam in the Netherlands, roads for cars are being reduced and e-Bike paths are being built in their place. This trend is spreading from Europe to China. Tsubaki has begun working to create and commercialize new value in this growth area.



Cam clutches for e-Bikes

Materials Handling Operations

Key Points of Our Growth Strategy

In addition to strengthening new product development that is not confined to conventional scopes, we are breathing new life into the materials handling industry by promoting vendorless sales and integration from the user's perspective. Strengthening our maintenance business is another element of this.

Masafumi Okamoto
Senior Executive Officer,
Materials Handling Operations



SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> Ability to develop unique products such as ultra-low-temperature storage system with automated picking and tilt-tray sorters Development of businesses from the standpoint of selling "ideas" and offering solutions 	<ul style="list-style-type: none"> Delay in global rollout Variance in subsidiaries' results
Opportunities	Threats
<ul style="list-style-type: none"> Increase in labor-saving and automation needs prompted by labor shortages Growing awareness of environmental protection, health and safety, etc. 	<ul style="list-style-type: none"> Existing products becoming commonplace due to technological innovation Installation times becoming longer due to worker shortages and difficulty in procuring parts and materials

Review of Results for Fiscal 2022

Net sales in Materials Handling Operations increased 9.4% year-on-year in fiscal 2022. Sales of transporting machine tool swarf and coolant processing equipment increased in the Japanese, European, and American markets, underpinned by the active machine tools industry. On the other hand, sales of machinery such as sorters for the logistics industry decreased in Japan, despite their strong sales in recent years. Sales also decreased in China, where economic activity has stagnated due to COVID-19.

In terms of profit, an operating loss of around ¥880 million was posted. This was due to factors such as increased costs incurred on additional construction related to a large, unprofitable project at our American subsidiary Central Conveyor Company, LLC and an increase in fixed costs due to active investment in the development of next-generation businesses such as regenerative medicine.

The unprofitable project at CCC was fully completed in fiscal 2022, and orders are now being taken under the new management structure. After strengthening our support from Japan and thoroughly managing profits and losses, we will act with urgency to recover, utilizing current strengths such as our wide-ranging customer base, including major American vehicle manufacturers and the largest EV manufacturer, and our know-how about the system integration business. We also want to use synergy creation for the whole of Materials Handling Operations as a starting point for effective utilization of CCC.

Medium- to Long-Term Growth Strategies

1. Expand the System Integration Business

Tsubaki has created many unique products such as

tilt-tray sorters for logistics facilities and automated conveyance systems and AGVs for manufacturing factories, and has carried out business expansions led by technology development and by solutions. However, with needs rapidly becoming more diverse, complex and advanced, we cannot adequately meet user needs with hardware alone. In addition to actively introducing advanced outside technology, the key to success will be to combine and integrate various forms of hardware.

With this in mind, Materials Handling Operations will actively work on the following forms of co-creation.

(1) Co-creation for AI image recognition technology

We have collaborated with EAGLYS, Inc., which is strong in areas such as image recognition technology using AI. We will increase our investment in EAGLYS to further strengthen our co-creative relationship, and will upgrade our AI image recognition technology with a view to logistics transformation while accelerating sales.

(2) Co-creation for autonomous mobile robots

We are working on co-creation with ForwardX Robotics in China, which has an established reputation for development of autonomous mobile robots (AMRs) for piece picking and case picking, and is delivering an increasing number of machines around the world. In fiscal 2022, we built a dispatch line for ORBIS East Japan Distribution Center to contribute to reducing labor and improving productivity. We oversaw the logistical engineering and operation of a new dispatch line that links AMRs with other equipment, including proposing an AMR with a gravimeter.

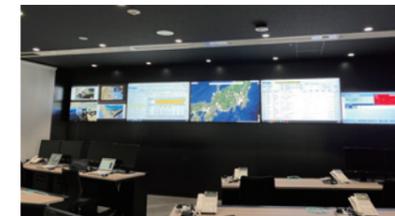
(3) Collaboration with KDDI CORPORATION to develop logistical DX for warehousing automation solutions

Tsubaki and KDDI worked on a business collaboration in the domain of warehousing automation solutions. Through co-creation between Tsubaki, whose strengths lie in system development and engineering, and KDDI,

which is a leader in network services such as 5G along with cloud solutions, we will further advance DX solutions to fully automate processes, including work currently performed by humans.

2. Strengthen the Maintenance Business

We will further strengthen our maintenance business, which will strengthen our response to economic changes. Our Service Center, which was relocated to Daiba in Tokyo, now contains all of our maintenance functions, including sales, engineering and our call center. We have



The call center in our Tokyo Service Center

built a cutting-edge field management system that enables efficient placement of service engineers and service provision 24 hours a day, every day of the year. In future, we will strengthen its functions as a maintenance base, including for Power Transmission Operations.

3. Early Development of Next-Generation Businesses

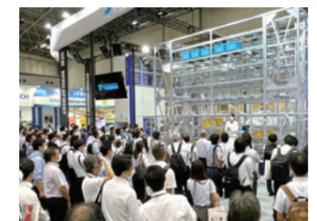
LaboStocker is Tsubaki's ultra-low-temperature storage system with automated picking. It is Japan's top-selling product for drug discovery and research facilities. Tsubaki is using the technology and know-how we have accumulated in this business as a base to expand into the regenerative medicine business. In addition to increasing and developing our specialized engineers for cellular medicine, we will work on industry-academia collaborations. We are accelerating our initiatives to commercialize this business, such as opening a laboratory in our Saitama Plant.

Product Development that Drives Innovative Growth

T-AstroX: Operating in Three Dimensions

T-AstroX, which drives a dolly across three dimensions, is a strategic product developed for e-commerce. The multi-purpose material handling system has a storage function and a picking function, enabling efficient and speedy product picking.

Because the dolly runs along shelves across three dimensions, upward space can be used for dense storage. Other advantages include the fact that expansion according to stock volume is possible, a GTP (goods to person) method is used to deliver products to workers, reducing their workload and improving automation, and workpieces (containers, boxes, etc.) can be placed in the moving tray and transported, eliminating the need for a specialized case and achieving a high level of versatility. With worker shortages a chronic issue on logistics sites, this will contribute to saving product storage space and improving the efficiency of picking (scheduled for release in the second half of fiscal 2023).



T-AstroX attracted attention at Logis-Tech Tokyo 2022

Global Network: Tsubaki's Globalization

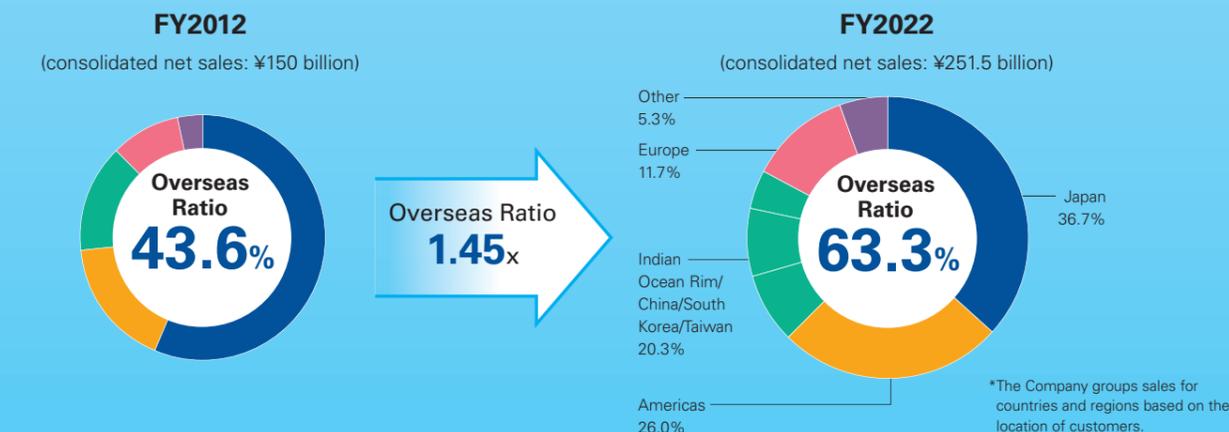
The Tsubaki Group—Underpinning Industries Globally

With the establishment of a joint venture in Taiwan in 1970, the Tsubaki Group began building a global network. Today, we have 82 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.

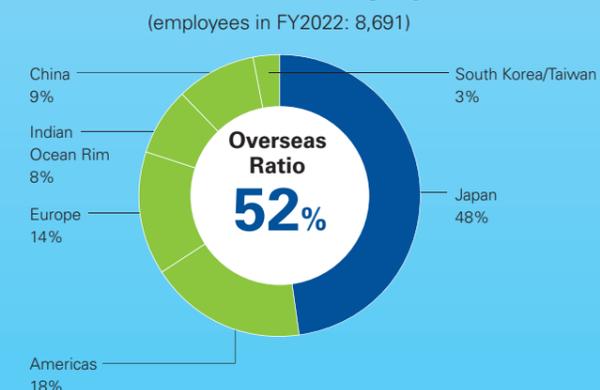


EXPANDING GLOBAL PRESENCE

Ratio of Sales by Region*



Ratio of Overseas Employees



Progress in Global Expansion

- 1970**
Established joint venture in Taiwan (Tsubaki's first overseas site)
- 1971**
Established distributor in USA
- 1972**
Established distributor in Netherlands. Later established distributors in Canada and Asia.
- 1986**
American subsidiary purchased chain manufacturer. Began manufacturing of chains for machinery 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 distributor 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
- 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 material handling systems, as a consolidated 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.

Nobuaki Haga
Senior Executive Officer,
Sustainability Promotion



Basic Policy

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

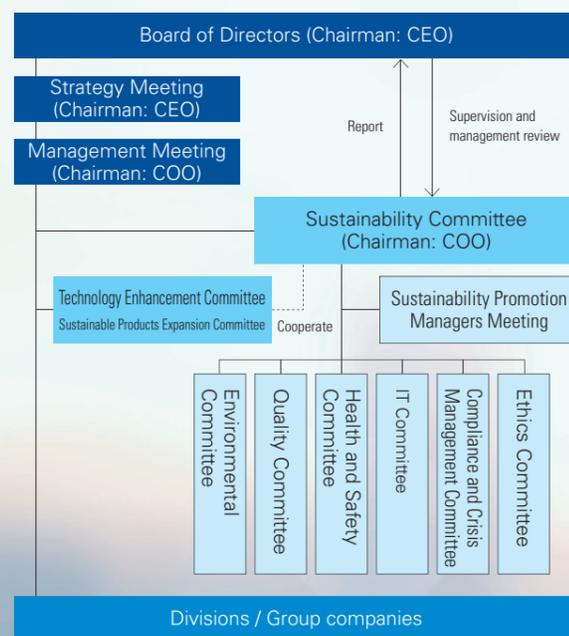
The Tsubaki Group will contribute to the creation of a sustainable society through business activities based on the Tsubaki Spirit, its corporate philosophy, while improving its corporate value through technological innovation and aiming to remain a company that society needs. In addition, we will enhance 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 2021 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

Sustainability Promotion System Chart



issues while supervising and reviewing our sustainability activities as a whole. In a meeting of the committee in May 2023, members reported progress in FY2022 and activity plans for FY2023. Particularly active discussions took place about carbon neutrality, human rights, diversity and workstyle reforms, supply chain management, crisis response and BCPs, and cyber security.

Under this promotion system, we will identify priority matters (material issues) and set metrics (KPIs) for our global supply chain 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. We are also actively involved in initiatives to facilitate the development

of a sustainable society, and are working to bolster our sustainability activities and improve information disclosure.

Tsubaki Is Participating in the Following Initiatives:

- United Nations Global Compact (UNGC)
- Task Force on Climate-related Financial Disclosures (TCFD) recommendations
- CDP: A world-leading organization that evaluates environmental activities
- Science Based Targets (SBT): International certification for targets to reduce greenhouse gas emissions
- Eco-First Program: A system under which the top environmental performers in each industry are certified by the Minister of the Environment

Key Issues

To realize Long-Term Vision 2030, a particular environmental effort we are focusing on is reducing power consumption (refer to “Response to Climate Change” on page 49). We have set higher goals after receiving SBT certification in May 2023. We are carrying out ongoing initiatives such as introducing internal carbon pricing to reduce emissions at our overseas subsidiaries.

Under our Sustainable Products initiative, through which we aim to develop products that contribute to solving social issues and strengthen the sales of these products, we are visualizing the degree to which the use of our products reduces CO₂ emissions and otherwise contributes to society, and are setting KPIs to disclose the progress and contributions of our CSV activities to external parties. In future, to enable more in-depth discussion on CSV by our Sustainability Committee, we will clarify the

roles of our development divisions, Corporate Planning Department and Sustainability Promotion Department and strengthen our promotion system.

	Certification Classification	KPI
Sustainable Products	(1) Products for climate change	•Sales ratio •CO ₂ emissions reductions •CO ₂ emissions reduction contributions, etc.
	(2) Products that contribute to achieving a recycling-oriented society	•Sales ratio •Recycling rate, etc.
	(3) Products that contribute to solving social issues other than environmental issues	•Sales ratio

Case Studies of Sustainable Products

Creating a people-friendly society

3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH

LaboStocker (automated low-temperature storage of chemical compounds and biological samples)

Building a safe and secure infrastructure for living

2 ZERO WASTE
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES

Automation equipment for plant factories (agribusiness product)

Creating an Earth-friendly society

7 AFFORDABLE AND CLEAN ENERGY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

eLINK (V2X bi-directional EV charging systems)

Sustainability Priority Matters and Progress to Date

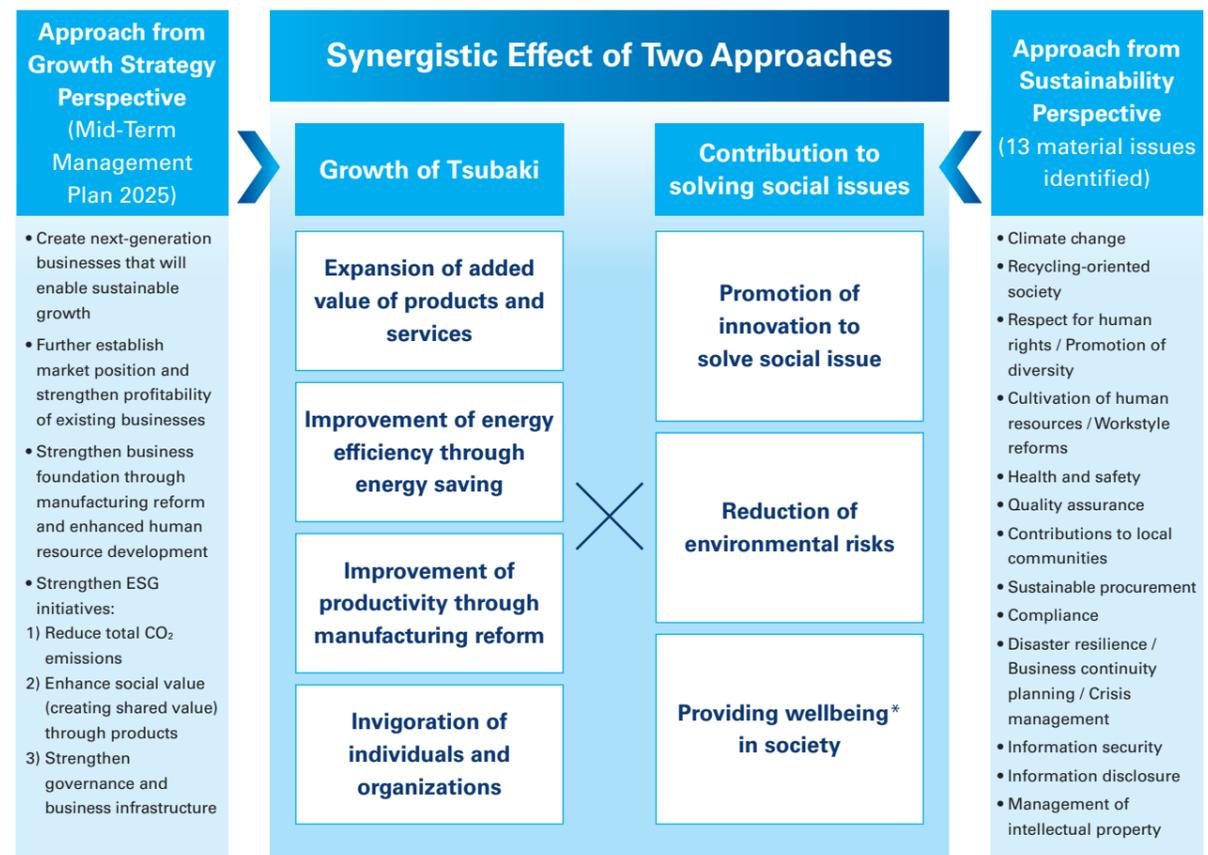
Please refer to our website to view our Basic Policy on Sustainability and other detailed information.
<https://tsubakimoto.com/sustainability/plan/>

Guided by our Basic Policy on Sustainability, the Tsubaki Group has determined material issues (sustainability priority matters) and key performance indicators (KPIs) for each environmental, society, and governance (ESG) category. In fiscal 2022, our activities progressed as set out in the table below. We also received SBT (Science Based Targets) certification in May 2023.

Material Issues (Priority Matters)	Contribution to the SDGs	KPIs	Targets and Results				Progress to Date	Remaining Issues and Direction of Future Initiatives
			Scope	Target Figure	Year of Achievement	FY2021 Results		
E Environment	Climate change	Total reduction in CO ₂ emissions (FY2013 standard)	Domestic	30% 46%	FY2025 FY2030	40.2%	<ul style="list-style-type: none"> In addition to various energy-saving and related activities implemented within plants to date, launched just-in-time (JIT) initiatives for energy at model factories; currently horizontally expanding at domestic and overseas business sites Prepared to introduce an internal carbon pricing (ICP) system to promote low- and zero-carbon investment (operation of the system will begin in FY2023) Began purchasing renewable energy for around 30% of our domestic energy usage in FY2022 In the three years leading up to FY2020, focused on expanding the CDP reporting boundary and implementing activities for reducing Scope 1 and Scope 2 CO₂ emissions at domestic business sites Declared support for the TCFD in FY2021; Obtained SBT certification in May 2023 Continued to enhance activities and improve recycling rate under our EcoFactory Certification System for domestic business sites; Certified as an Eco-First Company by the Ministry of the Environment Established Global Environmental Management Manual to build a foundation for our activities Strengthened the legal compliance process in the ISO 14001 system for each business site 	<ul style="list-style-type: none"> Horizontally expand JIT initiatives for energy at domestic and overseas business sites (in particular, strengthen CO₂ emission reduction activities at overseas business sites) Accelerate low- and zero-carbon investment through active operation of ICP; Revise domestic and overseas CO₂ emission reduction targets with the acquisition of SBT certification and set targets at domestic and overseas business sites Carry out planned purchases of renewable energy at domestic business sites and carry out investigations for purchasing at overseas business sites Increase the CDP climate change score by enhancing response content Strengthen supplier engagement and life cycle CO₂ emission reduction activities to reduce Scope 3 emissions (placing particular emphasis on Category 1 and Category 11 emissions) Formulate a specific improvement plan to boost the recycling rate in Japan with the aim of earning Eco Factory certification for all business sites Promote and support environmental management at overseas business sites through the use of Global Environmental Management Manual
		Total reduction in CO ₂ emissions (FY2018 standard)	Overseas	20% or more 30% or more	FY2025 FY2030	11.6%		
		Ratio of renewable energy consumption	Domestic	30% or more	FY2025	33.7%		
		CDP climate change score	Global	A-	FY2023	B		
	Recycling-oriented society	Waste recycling rate	Domestic	99% or more	FY2030	97.0%		
		PHTR-substance emissions	Domestic	130.9t or less	FY2030	129.9t		
		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	<ul style="list-style-type: none"> Designated a Corporate Ethics Awareness Month to implement activities raising awareness of compliance in Japan and overseas Carried out human rights due diligence for 31 domestic and overseas Group companies and identified risks Established a special subsidiary to promote the employment of people with disabilities in FY2020; Advanced improvements of the workplace environment and expanded the scope of duties of employees with disabilities, resulting in a ratio of employees with disabilities of 2.43% in FY2022, above the legal requirement Actively recruited non-Japanese employees, hiring 5 more Increased the number of women among senior employees by 0.4 points by promoting awareness-raising activities within the Group Endeavored to improve the education plan implementation rate through an innovative combination of remote and face-to-face training; 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 Increased ratio of paid leave acquisition by 4.3 points year-on-year through systematic promotion of paid leave acquisition Formally introduced remote working system and allowed it to be used for the purpose of childcare and caring for family members to support these employees in their work 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 Issued the Safe-Person Manual, thereby concluding the documentation of the three pillars of the Tsubaki Group's health and safety activities together with the Risk Assessment Guidelines and the Machinery and Equipment Safety Guidelines Monitored number of critical quality issues that occurred, along with the quality loss cost rate, and strengthened management Conducted internal audits from a third-party perspective based on annual plan (audits completed at 15 of the 16 target sites) Sponsored community events that had been canceled due to COVID-19; Resumed Cherry Blossom Festival (open to the public) at Kyotanabe Plant Revised the Green Procurement Guidelines in FY2019 Held an online seminar in FY2021 for major domestic suppliers on carbon neutrality initiatives and investigated the current status of each supplier's CO₂ emission reduction activities; In FY2022 we narrowed our focus and carried out training on specific CO₂ calculation methods and reduction activities Revised Supplier Sustainability Guidelines in FY2022, distributed them to major domestic suppliers and prepared to distribute them to suppliers in Europe Established the Basic Procurement Policy to promote fair business transactions; Carried out activities to realize sustainable procurement that included annual procurement policy briefings and chemical substance surveys Registered for Declaration of Partnership Building to accelerate cooperation with suppliers 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 Revised basic rules on initial responses in the event of a large-scale disaster and held BCP seminar for officers to improve management's awareness of crisis management Established Property and Casualty Insurance Guidelines in May 2022 and rolled out at 31 domestic and overseas Group companies Built cyber security response system for incidents Requested promotion of cyber security measures by business partners (Mobility Operations) Completed verification of security response tool for email-based threats and attacks; will be introduced in FY2023 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 Actively provided sustainability-related information such as details of new businesses and products Continue activities to establish IP awareness. (1) Continue study sessions (for engineers by rank/each IP system, etc.), (2) Publication of various guidelines and publicizing through training (compensation and incentive payments, trademarks, patent searches) 	<ul style="list-style-type: none"> Maintain initiatives pursued thus far and make planned improvements to them Decide priority order for identified risks and make improvements Carry out measures in response to increase in legal requirement for ratio of employees with disabilities and bring forward deadline to achieve target Provide support for the efforts of domestic Group companies to meet legally required employment ratios for disabilities Raise internal awareness of utilization of non-Japanese employees and expand hiring Strengthen internal training and awareness-raising to promote acquisition of childcare leave by male employees Proactively work on human resource education to facilitate growth that individuals can realize, including Companywide education through Tsubaki's own three schools, divisional education, and global human resource education, including dispatching trainees overseas Promote the creation of workplaces where employees can easily take paid leave and encourage employees to take paid leave in a planned manner Continue designing systems and revising workflows to facilitate diverse workstyles Maintain efforts to reduce the number of long-term absentees and employees with high levels of stress by enhancing care by line supervisors, encouraging self-care and revising our current rules 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 With regard to global Group quality governance, first clearly define the division of roles between headquarters and business divisions and improve the level of management 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 Provide education for major suppliers according to activity levels and support CO₂ emission reduction activities to improve suppliers' activities Support key suppliers in calculating CO₂ emissions in the production of products supplied to us and establish system for regular reporting Investigate status of sustainability education and activities at major domestic suppliers Successively distribute Sustainability Guidelines to overseas suppliers To reduce supply chain risk, promote diversification of suppliers through measures such as dual sourcing of materials, parts, etc. that cannot be substituted and sharing of supplier information between Group companies Strengthen JIT and value analysis activities for energy to reduce energy and raw materials costs; Endeavor to realize purchase and sales prices corresponding to the conditions of the times by negotiating with both suppliers and customers
		Number of companies implementing due diligence regarding respect for human rights	Global	31	FY2022	31		
		Ratio of employees with disabilities	Non-consolidated	2.5%	FY2023	2.43%		
		Ratio of companies meeting legally required employment ratios for people with disabilities	Domestic	100%	FY2025	33.3%		
		Number of non-Japanese employees	Non-consolidated	85	FY2030	31		
		Ratio of senior female employees	Domestic	10%	FY2030	4.4%		
	Cultivation of human resources / Workstyle reforms	Education plan implementation rate	Non-consolidated	100%	Annually	100%		
		Ratio of paid leave acquisition	Non-consolidated	85%	FY2025	70.5%		
		Ratio of maternity and childcare leave-takers who have returned to work	Non-consolidated	—	—	97.2%		
		Ratio of employees with high level of stress	Non-consolidated	5.0%	FY2025	7.3%		
	Health and safety	Number of lost time accidents	Domestic	0	Annually	4		
		Quality assurance	Number of major quality issue occurrences	Global	0	Annually		
	Contributions to local communities		—	—	—	—		
		Number of companies to which we have delivered webinars on carbon neutrality initiatives	Domestic	—	—	163		
Ratio of companies implementing status surveys of CO ₂ emission reductions initiatives		Domestic	95% or more	Each time	98.8%			
Sustainable procurement	Number of sustainability guidelines issued	Domestic	900 or more	Annually	1,050			
	—	—	—	—	—			
G Governance	Compliance	Number of serious violations of Company regulations	Global	0	Annually	0	<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 Revised basic rules on initial responses in the event of a large-scale disaster and held BCP seminar for officers to improve management's awareness of crisis management Established Property and Casualty Insurance Guidelines in May 2022 and rolled out at 31 domestic and overseas Group companies Built cyber security response system for incidents Requested promotion of cyber security measures by business partners (Mobility Operations) Completed verification of security response tool for email-based threats and attacks; will be introduced in FY2023 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 Actively provided sustainability-related information such as details of new businesses and products Continue activities to establish IP awareness. (1) Continue study sessions (for engineers by rank/each IP system, etc.), (2) Publication of various guidelines and publicizing 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 19 overseas companies for strengthening loss risk measures based on Property and Casualty Insurance Guidelines Visualization of cyber risks and strengthening of countermeasures at overseas Group companies 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.) Strengthen disclosure of sustainability-related information; In particular, explain the connection between our business strategies and our ESG activities and introduce specific initiatives for each activity to gain understanding Continued trademark inventory. In addition, as measures to revitalize IP activities, (1) continue IP training, (2) publicize guidelines and publish new commentaries, and (3) begin to consider measures for overseas group companies.
		Number of companies participating in Corporate Ethics Awareness Month	Global	51	Annually	29		
	Disaster resilience / Business continuity planning / Crisis management	Ratio of business sites implementing disaster prevention and evacuation drills	Domestic	100%	Annually	100%		
		Number of business sites revising their business continuity plans (BCPs)	Domestic	17	FY2023	Completed June 2023		
	Information security	Number of serious system incident occurrences	Domestic	0	Annually	0		
		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		

Connection Between Sustainability Strategies and Mid-Term Management Plan 2025

At Tsubaki, we are linking our Sustainability Strategies with our Mid-Term Management Plan 2025 in our efforts to be a corporate group that contributes to solving the three social issues outlined in our Long-Term Vision 2030. We will accelerate the development and production of sustainable products in our steady supply chain. Actively addressing risks to the development of a sustainable society, such as climate change and human rights issues, will improve our economic and social value.



*Happiness and physical, emotional and social satisfaction



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 solving 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.
Engagement Channels	<ul style="list-style-type: none"> • Marketing activities • Maintenance activities • CS Center • Websites and exhibitions • Joint development and research 	<ul style="list-style-type: none"> • General Meeting of Shareholders • IR results briefings, plant visits • Individual IR meetings • IR fairs for individual investors 	<ul style="list-style-type: none"> • Procurement activities • Procurement policy briefings • Basic Procurement Policy, procurement-related guidelines • Streaming of online seminar on carbon neutrality 	<ul style="list-style-type: none"> • Employee awareness survey • Briefings on business conditions • Labor union activities • Direct communication with top management • Company newsletter • Support for training and self-development 	<ul style="list-style-type: none"> • Participation in international initiatives • Implementing social contribution activities in communities (donations, cleanups, etc.) • Cosponsoring community events
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 procurement activities • Holding company policy briefings • Promoting sustainable procurement in accordance with the Tsubaki Group's 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.



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.

Key Points of Activities

- Started the purchase of carbon-free power with a non-fossil certificate within fiscal 2022
- Introduced internal carbon pricing (ICP) in fiscal 2023 and acquired SBT*1 certification in May



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

*1 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)";

Environmental Medium- to Long-Term Targets

As climate change progresses, the Group recognizes that reducing total CO₂ emissions is a key social issue. Setting out carbon neutral initiatives as priority matters, Mid-Term Management Plan 2025 promotes specific initiatives based on our environmental action plan, which is guided by our long-term environmental target of reducing our total domestic CO₂ emissions by 46% by fiscal 2030 (with fiscal 2013 as the base year) in Japan.

In May 2023, we further increased our greenhouse gas emission reduction targets and gained certification

Targets for Reducing Total CO₂ Emissions*2

	FY2025	FY2030
Domestic business sites (compared to FY2013)	30%	46%
Overseas business sites (compared to FY2018)	20% or more	30% or more

*2 We plan to update our existing targets according to the new targets in 2023

under the global SBT initiative. To achieve these new targets, in addition to improving energy saving and energy efficiency in our production activities, proactively introducing renewable energy and using low-carbon materials in an effort to reduce Scope 3 emissions, we will expand the Tsubaki Group's sustainable products that contribute to solving environmental and social issues and utilize the whole of our value chain to contribute to the creation of a sustainable society.

Greenhouse Gas Emission Reduction Targets with SBT Certification

	FY2030
Scope 1+2*3	42% reduction (from FY2021)
Scope 3*4	25% reduction (from FY2021)

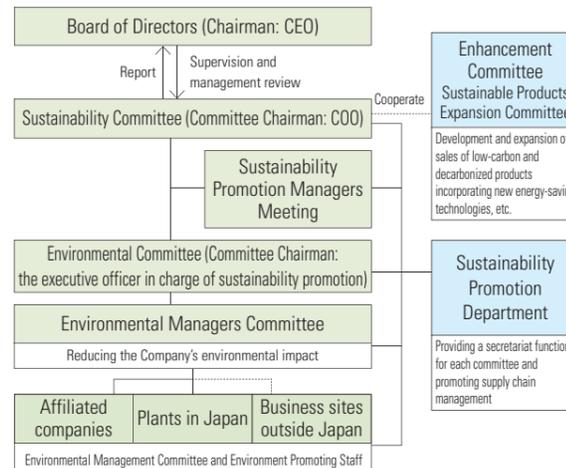
*3 Scope 1: Direct emissions of greenhouse gases by the business operator itself (fuel combustion, production processes)
 Scope 2: Indirect emissions associated with the use of electricity, heat, and steam supplied by other companies

*4 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.

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 Tsubakimoto Chain and comprises general managers of Tsubakimoto Chain business segments as well as representatives of manufacturing group companies in Japan. The committee addresses the Group's environmental issues, including 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



Response to Climate Change

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.

After announcing the Tsubaki Group's support of the Task Force on Climate-related Financial Disclosures (TCFD) in March 2022, we 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%.

Please refer to "Information Disclosure in accordance with the TCFD" on the next page.

Initiatives for Creating a Recycling-Oriented Society

The Tsubaki 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.

Waste Emission and Recycling Rate

	FY2021	FY2022
Total Waste Discharged	24,836t	24,398t
(Industrial waste and General waste)	5,120t	4,802t
(Sale of Valuable Resources)	19,716t	19,671t
Recycling Rate (Fiscal Year Average)	96.8%	97.0%

EcoFactory Certification System

The Tsubaki 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 indicator 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.

FY 2022 EcoFactory Certification

- Sapphire Rating: Tsubakimoto Sprocket
- Platinum Rating: Tsubakimoto Mayfran, Tsubakimoto Iron Casting

EcoFactory Certification Criteria

Theme	Management Indicator	Certification Criteria		
		Platinum	Sapphire	Diamond
Climate Change	(1) Total CO ₂ emissions	20% reduction	30% reduction	46% reduction
	(2) Total external emissions	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	—	5% reduction	10% reduction
Coexistence with Nature	(5) Improved greening rate of plants	—	At least 2% pts above each municipality's standard	At least 4% pts above each municipality's standard
	(6) Effective use of water resources	—	5% reduction	10% reduction

E Environmental Management

Information Disclosure in Accordance with the TCFD

Governance

□ Please refer to "Management System" on page 48.

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. To this end, we have formulated the following measures in response to risks and opportunities.

Risk Management

The Sustainability Committee periodically verifies and

review the assessments of the importance of material issues related to ESG-related issues. In addition, efforts to address each issue through the PDCA cycle are implemented within each committee organization.

The Group revised its Basic Environmental Policy in March 2021. In response to climate change issues, we have committed to raising CO₂ reduction targets in accordance with the guidelines of the Paris Agreement and implementing reduction initiatives. Going forward, the Environmental Committee will continue to verify the demands of stakeholders and the progress of the Company's initiatives and periodically evaluate the importance of environmental issues, including climate change. The Environmental Committee submits important matters to the Sustainability Committee for consideration.

Indicators and Targets

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

In fiscal 2022, production in Japan increased 3.9% over the previous fiscal year. However, in addition to CO₂ emissions reduction measures, 10 Tsubaki Group business sites have begun purchasing carbon-free power with a non-fossil certificate. These initiatives resulted in a 31.1% reduction in total CO₂ emissions. In addition, we achieved

a 40.2% reduction relative to our long-term target of a 46% reduction from fiscal 2013 levels by fiscal 2030.

Outside Japan, we have been compiling the data from fiscal 2018 for our 15 major manufacturing centers

located in North America, Europe, and Asia. We achieved a 11.6% reduction relative to our long-term target of a 30% reduction from fiscal 2018 levels by fiscal 2030.

Quantitative Goals

Indicators	Scope	Base Year	Medium-Term Targets (FY2025)	Long-Term Targets (FY2030)	FY2022 Results	FY2050 Targets
Scopes 1 and 2 Total emissions reduction rate	In Japan	FY2013	30%	46%*1	40.2%	Carbon neutrality
	Outside Japan	FY2018	20% or more	30% or more*1	11.6%	
Scope 3 Total emissions reduction rate	Outside Japan	—	Scheduled to be formulated in FY2023, based on the SBT Certification acquired in May 2023.		—	—
Ratio of renewable energy	In Japan	FY2013	Minimum of 30% of power consumption	To be determined when Mid-Term Management Plan 2030 is formulated	33.7%	100% of power consumption

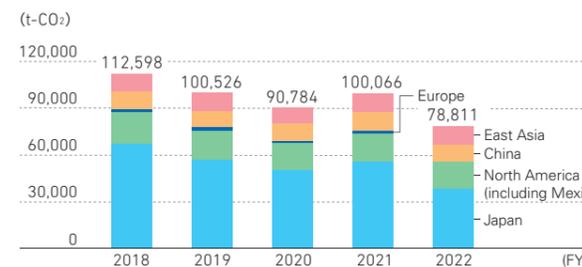
*1 Scheduled to be changed in FY 2023, in accordance with the SBT Certification acquired in May 2023.

Qualitative Goals

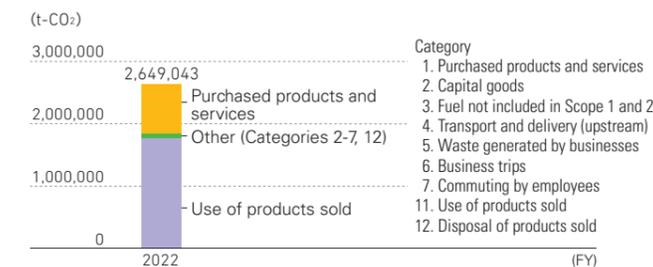
Indicators	Scope	Base Year	Medium-Term Targets (FY2025)	Long-Term Targets (FY2030)	FY2022 Results	FY2050 Targets
CDP climate change score	Globally	—	A-	A	B (CDP2022**)	—

**2 Evaluation of response submitted in July 2022, based on the results of FY 2021.

Total CO₂ Emissions Trend: Scope 1 and 2 (Global)



Total CO₂ Emissions: Scope 3



* 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. CO₂ emissions factors for power consumption outside Japan are the FY2022 CO₂ emissions factors provided in the International Energy Agency (IEA) Emissions Factors (2022 edition).

Measures in Response to Risks and Opportunities

With regard to the risks and opportunities identified in the scenario analysis, we have summarized the magnitude of the risks and our measures in response to them as follows. For opportunities in particular, we have identified factors and examined response measures based on Long-term Vision 2030 in terms of the three factors: improving the profitability of existing businesses, achieving business expansion through innovative growth, and achieving new growth (new businesses).

Responding to and Addressing Risks

	Categories		Response Measures		Magnitude of Risk	
	Sub-Categories	Risk/Opportunity Categories	Companywide Management Systems	Business (Plant) Operation	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 SBTi 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
	Market trends	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
	Technological development	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	Low
Physical Risks	Chronic damage	Rising temperatures Rising sea levels	<ul style="list-style-type: none"> Enhancing heat stroke countermeasures by installing air conditioning in plants and offices Actively investing upfront in workplace and workstyle reforms 	—	Medium	High
	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> <ul style="list-style-type: none"> (1) Creating a people-friendly society <ul style="list-style-type: none"> Medical care, health, and aging Building infrastructure (2) Building a safe and secure infrastructure for living <ul style="list-style-type: none"> Sustainable economic growth Disaster prevention and urban development (3) Creating an earth-friendly society <ul style="list-style-type: none"> Global environment Resources and energy
	Market trends	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 environment-friendly products (compact, lightweight, and low friction) Expanding sales of linear actuators as part of equipment electrification amid the transition away from hydraulic and 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 environment-friendly plastics and incorporating them in products 	
	Technological development	Technologies for energy saving and decarbonization	<ul style="list-style-type: none"> Improving the Quality, Cost, Delivery, Safety, and Engagement (QCDSSE) 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	<ul style="list-style-type: none"> Increasing market share and improving profitability by steadily improving the Quality, Cost, Delivery, Safety, and Engagement (QCDSSE) elements of existing businesses 	—	
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 workstyle 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) 	

Human Resource Management

The Tsubaki Group carries out initiatives to facilitate growth of employees that leads to sustainable growth of the Company based on its recognition that people are the most vital component of its management base. We are also 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.

Key Points of Activities

- Carried out human rights due diligence for 31 domestic and overseas Group companies
- Promoted participation in business by employees through T-Startup, a new business proposal endeavor
- Established Health Declaration and Basic Health Promotion Policy to strengthen the promotion of health and productivity management



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 carried out human rights due diligence, targeting eight domestic-affiliated companies and 23 overseas-affiliated companies (total of 31 companies). Upon conducting a self-check survey of 55 questions on human

rights and labor, it was found that, although there was one case overseas in which the response to laws and regulations was not as quick as it should have been, this case was completely corrected during fiscal 2022. In fiscal 2022, we held a study session led by experts and intellectuals from the United Nations for employees in charge of procurement and sustainability. This study session was an opportunity for the participants to reaffirm the Company's responsibility toward human rights in the supply chain and due diligence regarding human rights. Additionally, through the Corporate Ethics Hotline consultation desk that we have set up within and outside the Company, we are responding to consultations on human rights and anonymous reporting on human rights incidents.

Promotion of Diversity

The Tsubaki Group is building on its traditional work-focused emphasis on roles and results to promote reforms of its personnel 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

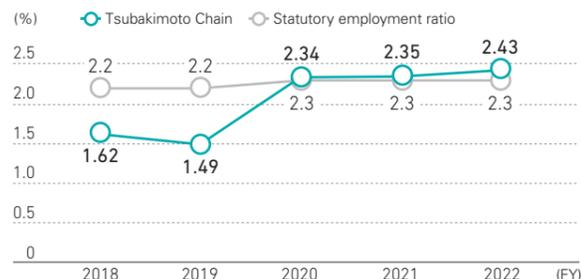
At Tsubakimoto Chain, we have been pioneers in introducing equal wages for men and women, and we have put in place a personnel management system where women can comfortably continue to work even during life events such as pregnancy and childbirth. We are aiming to further increase the percentage of women at the Company (9.6% as of April 1, 2023) and advancing the promotion of women by proactively providing opportunities for promotion to outstanding employees, irrespective of gender. In fiscal 2022, the rate of return to work after taking maternity/childcare leave was 97.2%, clearly indicating that we have succeeded in creating a workplace environment that facilitates women returning to work after giving birth. We also saw a dramatic increase in the number of male employees taking childcare leave in fiscal

2022 (29 people, leave acquisition rate of 27.1%).

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 the 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 worksites,

Ratio of Employees with Disabilities



administrative work, facility maintenance and management, and health management. We will continue to expand the employment of people with disabilities, positioning it at the core of the promotion of diversity in the Company.

Active Participation of Seniors

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 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 (we employed four mid-career non-Japanese employees in fiscal 2022, and three new graduate non-Japanese employees in April 2023).

Cultivation and Utilization of Human Resources

In the cultivation of human resources, 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 creating a human resources training and education roadmap every five years for young employees.

Cultivation of Young 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 human resources with proficiency in AI and IoT 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 Tsubaki Group is making efforts to pass down and reinforce *monozukuri* (manufacturing) skills by opening processing training programs in each business division for systematic training of engineers. 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 and invigorate the organization via exchange between different business divisions and between Japan and overseas, in addition to heightening technical skills.

Cultivation of Global Human Resources

In fiscal 2022, the Tsubaki Group's total net sales that came from outside Japan grew to 63.3% and the ratio of Group employees working at locations outside Japan grew to 51.6%. 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 young 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 training for young employees and individual training based on the purpose of each employee's post. We are also actively accepting assigned employees from overseas-affiliated companies.

Human Resources Training System

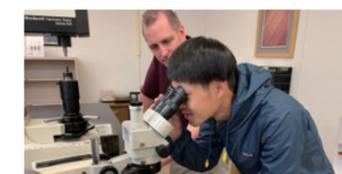
Rank-specific Training	Training for new employees and mid-career employees Training when promoted, training for management-level and executive-level positions Training to improve logical thinking and for leadership development
Function-specific Training	Engineering (mechanical engineering, processing technology, electronics, control, etc.) Technical skills (beginner, intermediate, advanced) Sales (sales skills, basic skills for the sales field)
Global Training	English language skills International training for young employees, training for cultivating international personnel
Other Training	Training for: career planning, life planning, mental health, compliance, safety, health and education, information security education, human rights education, telecommunications education, external dispatchment



The Tsubaki Technical Skills Olympics (engine lathe operation)



A group discussion at training for new managers



Year-long overseas training (USA)

S Human Resource Management

Improving Employee Engagement

The Tsubaki Group is actively engaged in a variety of initiatives aimed at enhancing employee engagement. These efforts aim to create a workplace that is not only physically secure but also promotes emotional well-being. The goal is to ensure that employees are motivated and enthusiastic about their role in advancing the company's mission.

Communication between Senior Management and Employees

We implement activities to deepen our employees' understanding of Tsubaki Spirit. 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. In addition to actively creating opportunities for management and employees to talk, at the core of our personnel management system is our aim to improve employee engagement through the education, training, and evaluation of personnel.

Supporting Employees' Participation in Business

In fiscal 2022, we launched T-Startup, a new business proposal contest. In this contest, 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 2022 we received 100 proposals from Tsubaki employees in Japan and overseas over the four-month submission period. Eight teams that made it through to the second screening gave presentations on their respective proposals. As a result, four business proposals were selected as the seeds of projects to be commercialized. In addition to creating new businesses, the system is a way to increase ownership by employees 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-point increase from fiscal 2020, and the rate of satisfaction toward the Company (8) was 57.0%, a 2.1% increase.

Survey items	(1) Workplace environment (2) Workplace atmosphere (3) Job satisfaction (4) Guidance and evaluation of subordinates (5) Tsubaki Spirit and management policies (6) Tsubaki brand (7) Initiatives for SDGs (8) Satisfaction toward the Company (9) Work style
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Building Relationships with Employees' Families and the Community

We have been running plant visits at the Kyotanabe Plant and Saitama Plant for employees' families and local elementary schools. Each plant has carefully designed activities like quizzes and interactive programs to deepen people's understanding of our business activities. We also resumed our public viewing of cherry blossom trees in the grounds of the Kyotanabe Plant for the first time in four years after a series of cancellations due to COVID-19. The event was enjoyed by Tsubaki employees and their families, as well as local residents.



President Takatoshi Kimura (center) talking to site employees at a Mexican subsidiary



Presentations at the second screening of T-Startup, our new business proposal system

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

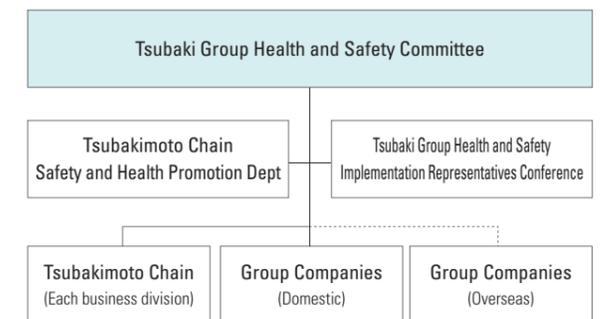
In fiscal 2022, we rolled out health and safety activities with cultivation of safety-oriented personnel as the key issue.

Our activities to cultivate Safe-Person are based on the Safe-Person Manual issued in fiscal 2022. This manual uses past accidents that have occurred at the Tsubaki Group as lessons and explains the safety measures needed to prevent reoccurrence. To disseminate it, members of the Safety and Health Promotion

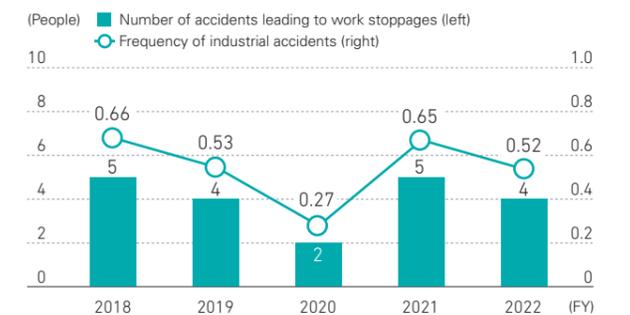
Department participated in each site's daily morning meetings and gave explanations tailored to the specific work at each site.

In future, we will carry out patrols to check sites' understanding of safety knowledge and execution of safety measures.

System for Health and Safety Management System



Industrial Accidents (Domestic)



Promotion of Health and Productivity Management

In accordance with the Basic Health and Safety Policy, the Tsubaki 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 that enables employees to work positively and vigorously and demonstrate their initiative and creativity (a pleasant work environment) by promoting health and productivity management that also encompasses the families of employees from the two perspectives of individual health and organizational health.

Supply Chain Management and Quality Management

The Tsubaki Group is working to contribute to the building of a sustainable society through procurement activities with consideration for social responsibilities such as fair and equitable dealings, environmental conservation, respect for human rights and compliance, along with the pursuit of high quality and stringent quality management.

Key Points of Activities

- Implementing carbon neutral initiatives throughout our supply chain
- Enhancing specialist education on quality management
- Tsubaki Group companies in Mexico, the United States, and Thailand received a total of 17 quality awards.

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

Throughout our history, we have fulfilled our social responsibilities as a company while simultaneously advancing Companywide efforts to respond to various risks and solve social issues. In 2020, we established the Tsubaki Group Supplier Sustainability Guidelines to be a company that meets the expectations of all of our stakeholders through our business. These Guidelines

are updated as required and distributed to our major suppliers. We request that our suppliers work on initiatives accordingly.

Regarding conflict minerals, in accordance with guidance manuals on investigating conflict minerals, we request the suppliers concerned to carry out an investigation and complete and publish a Conflict Minerals Reporting Template (CMRT).

Promotion of Green Procurement

We work together with our suppliers on initiatives according to our Green Procurement Guidelines, which promote the purchasing of materials and components with low environmental impact. We carry out surveys on the current environmental performance of major suppliers and conduct additional surveys and local inspections of suppliers considered to be at risk, as we work to achieve ongoing improvements.

Requests Concerning Green Procurement

	Requests/Orders	Raw materials, parts, packaging materials, sub-materials, etc.	Jigs, tools, production equipment, etc.
Prerequisite	(1) Compliance with environment-related 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 gas emissions		
	(3) Promotion of resource recycling	Optional	Optional
	(4) Effective use of water resources		
	(5) Environment-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.



Briefing on the revised Supplier Sustainability Guidelines

Neutral Initiatives Throughout Our Supply Chain

In fiscal 2022, we implemented carbon neutral initiatives throughout our supply chain, asking our suppliers to calculate their CO₂ emissions and strengthen their emissions reduction efforts according to their activity levels. Ultimately, we will incorporate the risks and opportunities related to climate change into our supply chain management with the aim of

constructing a sustainable and resilient supply chain.

Going forward, in addition to our initiatives for carbon neutrality, by adding compliance, respect for human rights, and more as the themes, we will be even more proactive in our efforts to achieve sustainable procurement so that we can contribute to realizing a sustainable society.

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.

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.

System for Promoting Quality Management

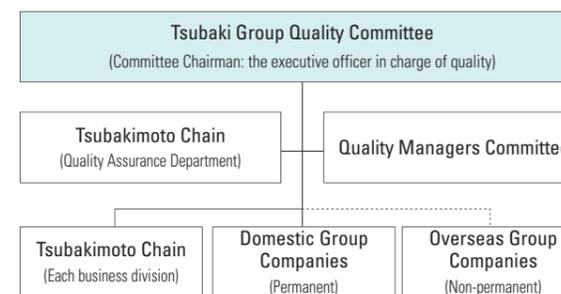
We have established a system for promoting quality management led by the Tsubaki Group Quality Committee. In 2018, to further ensure the effectiveness of these efforts, we established the Quality and Environmental Promotion Department (currently the Quality Assurance Department) as a headquarters operation 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

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 fieldwork for quality training participants from Group companies for a period of one or two years. At the same time, we are introducing “individual quality targets” aimed at raising quality awareness of all employees and a Group improvement system aiming to reform our company culture.

System for Promoting Quality Management



COLUMN Quality Award Received from Global Automobile Manufacturers

In the Mobility Business, we received an award from automobile manufacturers for our quality, delivery, and service performance as a supplier. In fiscal 2022, Tsubaki Group companies in Mexico, the United States, and Thailand received a total of 17 quality awards.

Tsubakimoto Automotive Mexico received the PWT Best Supplier award from Nissan Mexico. We were comprehensively evaluated on QCD, and selected as the best powertrain supplier among 62 companies.

Corporate Governance

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

Key Points of Activities

- Half of our six directors are outside directors
- Strategy formulation and oversight by the Board of Directors and operational execution by executive officers are clearly separated
- Established a Nomination and Remuneration Committee chaired by an outside director

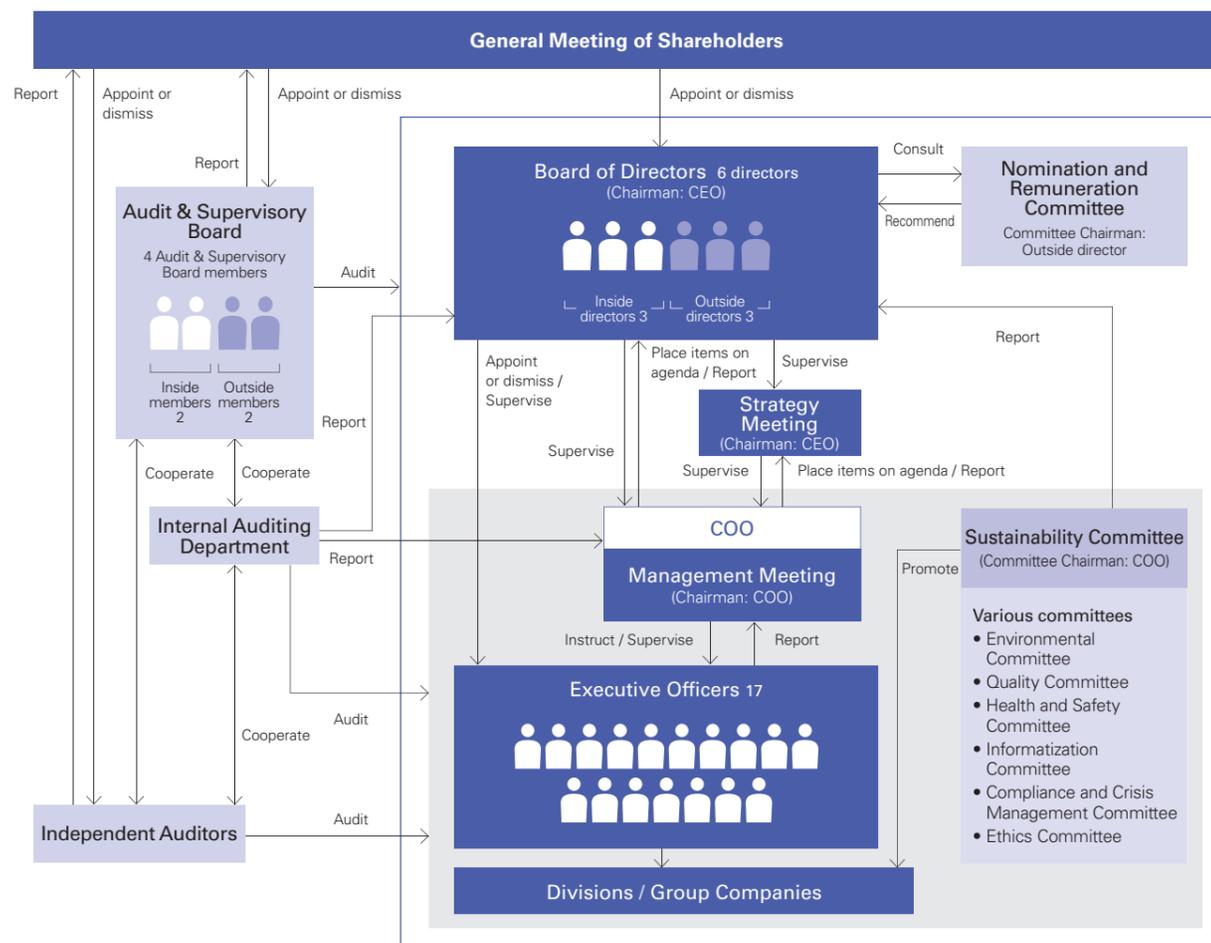
Please refer to our website for details on our Basic Corporate Governance Policy and other governance-related matters.
<https://tsubakimoto.com/sustainability/governance/corporate/>

Promotion System

The Company makes 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, 2023)
Number of meetings of the Audit & Supervisory Board	18 (fiscal year ended March 31, 2023)
Number of meetings of the Nomination and Remuneration Committee	4 (fiscal year ended March 31, 2023)

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 Reformed management system to separate the roles of Chief Executive Officer (CEO) and Chief Operating Officer (COO)
FY2015	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	Review of 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/or 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 (FY2022)
Keiichi Ando	Based on his wealth of knowledge and experience as a director of financial institutions, etc., the Company appointed Mr. Ando to receive advice on the areas of finance and corporate governance, and to otherwise receive appropriate supervision of its management. We believe that, going forward, he will provide the Company with oversight from an objective and neutral standpoint.	Attended 13 out of 14 meetings
Hisae Kitayama	Based on her wealth of experience as a certified public accountant in an auditing firm and her high level of specialist knowledge regarding corporate accounting, the Company appointed Ms. Kitayama to receive advice on the area of accounting, and to otherwise receive appropriate supervision of its management. We believe that, going forward, she will provide the Company with oversight from an objective and neutral standpoint.	Attended all 14 meetings
Takashi Tanisho	Mr. Tanisho has a wealth of experience and broad insight as a representative director at Hitachi Zosen Corporation, as well as extensive business experience in the fields of manufacturing, technology, and management strategy. We believe that he will provide accurate advice on the Company's management, and supervise the Company from an objective and neutral standpoint.	— (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 (FY 2022)	
		Board of Directors	Audit & Supervisory Board
Shozo Seki	Based on his experience from his many years as a lawyer and his high level of specialist knowledge regarding corporate legal affairs, the Company appointed Mr. Seki to receive appropriate auditing of its management. We believe that, going forward, he will audit the Company from a specialist point of view as well as from an objective and neutral standpoint.	Attended all 14 meetings	Attended all 18 meetings
Hidefumi Naito	Based on his experience from his many years as a lawyer and his high level of specialist 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 point of view as well as from an objective and neutral standpoint.	Attended all 14 meetings	Attended all 18 meetings

Evaluation of the Effectiveness of the Board of Directors

We have been evaluating the effectiveness of the Board of Directors since 2018 in order to improve its performance.

The Company requires 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. Taking into account the results of the previous evaluation, we provide information through a variety of meetings, including Board of Directors information exchange meetings, opinion exchange meetings and Mid-term Management Plan progress report meetings. We also reviewed the committee structure to ensure that the

necessary reports are correctly prepared for the Board of Directors meetings, and to enhance further discussions on medium-and long-term management policies and strategies at Board of Directors meetings. As a result, some participants commented that it had been beneficial to share information on business activities, business performance, management policies, and management issues.

Nevertheless, we received many more meaningful opinions than in the past, indicating that we should further enhance discussions on medium- and long-term management resource allocation policies and global management personnel training policies. We will continue to consider improvements to further enhance the Board's effectiveness.

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 Stock compensation restrictions, 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 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 (Stock compensation restrictions)	
Directors (Outside directors)	196 (25)	138 (25)	45	12	8 (3)
Audit & Supervisory Board members (Outside Audit & Supervisory Board members)	60 (12)	60 (12)	—	—	4 (2)

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

*2 The above includes one director whose term of service concluded at the 113th Annual General Meeting of Shareholders held on June 29, 2022, and one director whose term of service concluded on April 12, 2022 due to the director passing away.

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 the sharing of 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 controls of risks 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 for business partners deemed to contribute to the improvement of our corporate value in the medium to long term upon consideration of whether doing so is a necessary element of our business activities to ensure that business is conducted smoothly.

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 stocks. In fiscal 2022, we sold our shares for three brands and revised our shareholding criteria. At the Board of Directors meeting on May 23, 2023, we verified whether it was appropriate to continue holding shares in each of our current brands as of March 31, 2023.

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.

Key Points of Activities

- Set up internal (operated by the employee in charge of corporate ethics) and external (operated by a legal adviser) Corporate Ethics Hotlines
- Focusing on five key areas: addressing changes in the environment, managing human rights issues and labor-related risks, managing supply chain risks, crisis management systems, and bolstering our cyber security measures



Please refer to 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 Company promotes compliance through its Corporate Ethics Awareness Month program and other systemic training.

Corporate Ethics Awareness Month

We have designated February of every year as our Corporate Ethics Awareness Month, in which Group companies in Japan and overseas take part. In the fiscal year ended March 31, 2023, the number of participating companies was limited by the COVID-19 pandemic to 29 of 51, as we responded to the conditions in other countries. Due to the circumstances, we carried out educational activities on ethics awareness centered on e-learning in Japan and remote learning overseas.

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

2018	2019	2020	2021	2022
51	51	24	32	29

* Including participants in the e-Learning program from FY 2020

Compliance Training

The Tsubaki 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

Risk Management System and Activities

Promotional System

The Tsubaki Group has established several committees regarding corporate ethics, information security, the environment, quality, health and safety, and compliance and crisis management under the

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. The Company continuously updates 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 Hotline

The Company (in Japan) has a whistleblower system under the Corporate Ethics Helpline Rules. The ethics helpline provides 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/or company rules but also concerns or worries of a personal nature if being asked for.

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	• Develop products specialized for market needs
	Climate change-related risks	Medium to serious	• 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 CO ₂ 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	• Strengthen global production system, and reduce risks resulting from the dispersion of production bases and procurement partners
	Exchange rate fluctuation risks	Low to medium	• Use exchange contracts and move forward with the localization of production and procurement
Business Operation	Quality-related risks	Medium to serious	• 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	• 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 cyber security countermeasures for when incidents occur
	Human rights-related risks	Medium to high	• 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 help line, 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	• Move forward with the diversification of suppliers by sharing information about procurement partners among Group companies, and making combined orders for non-substitutable materials, parts and other items • Strengthen partnerships with procurement partners
	Risk of skyrocketing prices of energy and materials (raw materials)	Medium to high	• 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	• Implement disaster preparedness training and stockpile disaster prevention and mitigation equipment, in accordance with the Tsubaki Group Basic BCP Strategy • Rebuild the BCP and reinforce the structure, centered on the Compliance and Crisis Management Committee
	Risk of intellectual property infringements	Medium to high	• 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 29, 2023)



Directors

- A Kenji Kose**
Chairman and Representative Director (CEO)
April 1977 Joined the Company
June 2013 Executive Officer, the Company
June 2015 Senior Executive Officer, the Company
April 2017 General Manager, Chain Manufacturing Division, the Company
June 2017 Director and Senior Executive Officer, the Company
April 2018 In charge of Chain Operations, the Company
June 2018 Director and Managing Executive Officer, the Company
June 2019 Director, the Company
June 2021 President and Representative Director; Chief Operations Officer (COO), the Company
June 2022 Chairman and Representative Director; CEO, the Company (present)
- B Takatoshi Kimura**
President and COO Representative Director
April 1983 Joined the Company
October 2006 Manager, Chain Division, in charge of Overseas Sales, the Company
January 2012 Chairman, Tsubakimoto Chain Trading (Shanghai) Co., Ltd. (now Tsubakimoto Chain (Shanghai) Co., Ltd.)
June 2015 Executive Officer, the Company
June 2016 Manager, Management Planning Center, the Company
April 2018 General Manager, Materials Handling Division, in charge of Material Handling Systems Operations and Sales, the Company
June 2018 Senior Executive Officer, the Company
April 2020 Managing Executive Officer, the Company
June 2021 Director, the Company
June 2022 President and Representative Director; COO, the Company (present)
- C Masaki Miyaji**
Director
April 1984 Joined the Company
April 2008 Manager, Manufacturing Department, Automotive Parts Division, the Company
June 2016 Executive Officer, the Company
In charge of Global Manufacturing, Global Automotive Parts Division, Global Automotive Parts Headquarters
June 2018 Senior Executive Officer, the Company; General Manager, Automotive Parts Division, in charge of Automotive Parts Operations
April 2020 In charge of Automotive Parts Operations, the Company
April 2021 In charge of Mobility Operations, the Company
June 2022 Director, the Company (present)
- D Keiichi Ando**
Outside Director
April 2009 Director and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation
April 2010 Representative Director, Deputy President, and Executive Officer, Sumitomo Mitsui Banking Corporation
April 2012 Representative Director, President, NEW KANSAI INTERNATIONAL AIRPORT COMPANY, LTD.
July 2012 Representative Director, President, and CEO, NEW KANSAI INTERNATIONAL AIRPORT COMPANY, LTD.
June 2016 Representative Director and President, GINSEN CO., LTD.
June 2017 Outside Director, Shionogi & Co., Ltd. (present)
June 2019 Outside Director, DAIHEN Corporation (present)
- E Hisae Kitayama**
Outside Director
October 1982 Joined Asahi Accounting Company (now KPMG AZSA LLC)
March 1986 Registered as a Certified Public Accountant
May 1999 Partner, Asahi Accounting Company (now KPMG AZSA LLC)
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 (present)
April 2021 Specially Appointed Professor, Graduate School, University of Hyogo (present)
June 2022 Outside Audit & Supervisory Board Member, Daicel Corporation (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 Chief Operating Officer, Hitachi Zosen Corporation
April 2016 Representative Director, President and Chief Executive Officer, Hitachi Zosen Corporation
April 2017 Representative Director, Chairman of the Board and President, Hitachi Zosen Corporation
April 2020 Representative Director, Chairman of the Board and Chief Executive Officer, Hitachi Zosen Corporation
April 2022 Representative Director and Chairman of the Board, 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)
June 2023 Outside Director, the Company (present)

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

Name	Rank and Area of 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		●			●		
Shozo Seki	Outside Audit & Supervisory Board Member		●				●	●
Hidefumi Naito	Outside Audit & Supervisory Board Member		●				●	●

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

Audit & Supervisory Board Members

- G Koji Tanaka**
Audit & Supervisory Board Member
December 1988 Joined the Company
April 2004 Legal Affairs Group Leader, Legal Affairs and General Affairs Dept., Compliance Center, the Company
April 2016 Manager, Legal Affairs Dept., CSR Promotion Center, the Company
April 2018 Manager, Legal Affairs Dept., in charge of Headquarters Operations, the Company
June 2019 Audit & Supervisory Board Member, the Company (present)
- H Kazuya Kawasaki**
Audit & Supervisory Board Member
April 1986 Joined the Company
June 2003 Group Leader, Funds Section, Finance Division, Management Planning Center, the Company
June 2015 Manager, Finance Dept., Management Planning Center, the Company
June 2019 Manager, Finance Dept., the Company
June 2020 Audit & Supervisory Board Member (present)
- I Shozo Seki**
Outside Audit & Supervisory Board Member
April 1979 Registered as an attorney (Osaka Bar Association)
Joined Midosuji Law Office (now Midosuji LPC)
April 1986 Partner, Midosuji Law Office (present)
January 2003 Partner, Midosuji Legal Profession Corporation
June 2016 Outside Audit & Supervisory Board Member, the Company (present)
- J 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)

Executive Officers

- Senior Managing Executive Officer**
Yasushi Nagai
- Managing Executive Officers**
Kazutomo Nakamura
Hisao Nishii
- Senior Executive Officers**
Kevin Richard Powers
Toshihiro Ageta
Hiroshi Ishida
Masafumi Okamoto
- Executive Officers**
Isao Sato
Nobuaki Haga
Futoshi Tanyama
Osamu Kawakami
- Executive Officers**
Atsushi Kumakura
Yasuhiro Akesaka
Takao Maeda
- Executive Officers**
Masayoshi Fujimura
Katsuya Nakakubo
Atsushi Saeki

Eleven-Year Selected Financial Data

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

For the Year (Millions of yen)	FY2012			FY2013			FY2014			FY2015			FY2016			FY2017			FY2018			FY2019			FY2020			FY2021			FY2022																																																																				
	Net sales	150,002	178,022	196,738	203,976	198,762	215,716	238,515	226,423	193,399	215,879	251,574	21,570	21,647	20,694	21,789	16,146	8,896	17,842	18,985	22,109	22,004	21,743	21,621	16,698	11,026	20,045	20,958	12,766	14,596	14,666	13,779	11,576	8,706	14,543	13,742	15,677	13,995	18,116	15,765	14,388	8,290	8,591	9,288	10,402	10,342	11,005	12,366	12,739	12,682	12,694	13,299	4,300	4,341	4,495	4,505	4,714	4,288	5,199	5,696	19,090	25,434	27,657	24,197	20,275	27,890	21,000	21,352	(13,593)	(13,420)	(17,389)	(32,088)	(14,241)	(9,560)	(9,075)	(9,279)	(5,476)	(4,084)	(13,191)	12,679	(10,385)	(4,354)	(7,780)	(9,963)	26,422	34,142	31,712	36,087	31,378	46,084	52,888	56,978							
Operating income	12,579	17,354	21,427	21,570	21,647	20,694	21,789	16,146	8,896	17,842	18,985	22,109	22,004	21,743	21,621	16,698	11,026	20,045	20,958	12,766	14,596	14,666	13,779	11,576	8,706	14,543	13,742	15,677	13,995	18,116	15,765	14,388	8,290	8,591	9,288	10,402	10,342	11,005	12,366	12,739	12,682	12,694	13,299	4,300	4,341	4,495	4,505	4,714	4,288	5,199	5,696	19,090	25,434	27,657	24,197	20,275	27,890	21,000	21,352	(13,593)	(13,420)	(17,389)	(32,088)	(14,241)	(9,560)	(9,075)	(9,279)	(5,476)	(4,084)	(13,191)	12,679	(10,385)	(4,354)	(7,780)	(9,963)	26,422	34,142	31,712	36,087	31,378	46,084	52,888	56,978																
Ordinary income	12,813	17,993	22,263	22,109	22,004	21,743	21,621	16,698	11,026	20,045	20,958	12,766	14,596	14,666	13,779	11,576	8,706	14,543	13,742	15,677	13,995	18,116	15,765	14,388	8,290	8,591	9,288	10,402	10,342	11,005	12,366	12,739	12,682	12,694	13,299	4,300	4,341	4,495	4,505	4,714	4,288	5,199	5,696	19,090	25,434	27,657	24,197	20,275	27,890	21,000	21,352	(13,593)	(13,420)	(17,389)	(32,088)	(14,241)	(9,560)	(9,075)	(9,279)	(5,476)	(4,084)	(13,191)	12,679	(10,385)	(4,354)	(7,780)	(9,963)	26,422	34,142	31,712	36,087	31,378	46,084	52,888	56,978																								
Profit attributable to owners of parent	7,428	10,213	14,153	12,766	14,596	14,666	13,779	11,576	8,706	14,543	13,742	15,677	13,995	18,116	15,765	14,388	8,290	8,591	9,288	10,402	10,342	11,005	12,366	12,739	12,682	12,694	13,299	4,300	4,341	4,495	4,505	4,714	4,288	5,199	5,696	19,090	25,434	27,657	24,197	20,275	27,890	21,000	21,352	(13,593)	(13,420)	(17,389)	(32,088)	(14,241)	(9,560)	(9,075)	(9,279)	(5,476)	(4,084)	(13,191)	12,679	(10,385)	(4,354)	(7,780)	(9,963)	26,422	34,142	31,712	36,087	31,378	46,084	52,888	56,978																																
Capital expenditures	11,833	11,372	10,466	15,677	13,995	18,116	15,765	14,388	8,290	8,591	9,288	10,402	10,342	11,005	12,366	12,739	12,682	12,694	13,299	4,300	4,341	4,495	4,505	4,714	4,288	5,199	5,696	19,090	25,434	27,657	24,197	20,275	27,890	21,000	21,352	(13,593)	(13,420)	(17,389)	(32,088)	(14,241)	(9,560)	(9,075)	(9,279)	(5,476)	(4,084)	(13,191)	12,679	(10,385)	(4,354)	(7,780)	(9,963)	26,422	34,142	31,712	36,087	31,378	46,084	52,888	56,978																																								
Depreciation and amortization	7,360	8,745	9,476	10,402	10,342	11,005	12,366	12,739	12,682	12,694	13,299	4,300	4,341	4,495	4,505	4,714	4,288	5,199	5,696	19,090	25,434	27,657	24,197	20,275	27,890	21,000	21,352	(13,593)	(13,420)	(17,389)	(32,088)	(14,241)	(9,560)	(9,075)	(9,279)	(5,476)	(4,084)	(13,191)	12,679	(10,385)	(4,354)	(7,780)	(9,963)	26,422	34,142	31,712	36,087	31,378	46,084	52,888	56,978																																																
R&D costs	4,319	4,061	4,048	4,300	4,341	4,495	4,505	4,714	4,288	5,199	5,696	19,090	25,434	27,657	24,197	20,275	27,890	21,000	21,352	(13,593)	(13,420)	(17,389)	(32,088)	(14,241)	(9,560)	(9,075)	(9,279)	(5,476)	(4,084)	(13,191)	12,679	(10,385)	(4,354)	(7,780)	(9,963)	26,422	34,142	31,712	36,087	31,378	46,084	52,888	56,978																																																								
Net cash provided by operating activities	15,350	19,761	22,189	19,090	25,434	27,657	24,197	20,275	27,890	21,000	21,352	(13,593)	(13,420)	(17,389)	(32,088)	(14,241)	(9,560)	(9,075)	(9,279)	(5,476)	(4,084)	(13,191)	12,679	(10,385)	(4,354)	(7,780)	(9,963)	26,422	34,142	31,712	36,087	31,378	46,084	52,888	56,978	254,106	267,215	285,952	305,916	294,098	307,332	332,620	345,878	142,041	152,473	167,916	173,734	174,360	185,791	207,756	224,398	34,817	34,634	26,581	43,772	41,509	41,168	37,870	33,785	8,394	493	(5,131)	7,685	10,130	(4,916)	(15,018)	(23,192)	254,106	267,215	285,952	305,916	294,098	307,332	332,620	345,878	142,041	152,473	167,916	173,734	174,360	185,791	207,756	224,398	34,817	34,634	26,581	43,772	41,509	41,168	37,870	33,785	8,394	493	(5,131)	7,685	10,130	(4,916)	(15,018)	(23,192)
Net cash used in investing activities	(18,401)	(17,166)	(14,306)	(13,593)	(13,420)	(17,389)	(32,088)	(14,241)	(9,560)	(9,075)	(9,279)	(5,476)	(4,084)	(13,191)	12,679	(10,385)	(4,354)	(7,780)	(9,963)	26,422	34,142	31,712	36,087	31,378	46,084	52,888	56,978	254,106	267,215	285,952	305,916	294,098	307,332	332,620	345,878	142,041	152,473	167,916	173,734	174,360	185,791	207,756	224,398	34,817	34,634	26,581	43,772	41,509	41,168	37,870	33,785	8,394	493	(5,131)	7,685	10,130	(4,916)	(15,018)	(23,192)																																								
Net cash (used in) provided by financing activities	6,325	(3,196)	(2,647)	(5,476)	(4,084)	(13,191)	12,679	(10,385)	(4,354)	(7,780)	(9,963)	26,422	34,142	31,712	36,087	31,378	46,084	52,888	56,978	254,106	267,215	285,952	305,916	294,098	307,332	332,620	345,878	142,041	152,473	167,916	173,734	174,360	185,791	207,756	224,398	34,817	34,634	26,581	43,772	41,509	41,168	37,870	33,785	8,394	493	(5,131)	7,685	10,130	(4,916)	(15,018)	(23,192)																																																
Cash and cash equivalents at end of the year	20,194	21,291	27,360	26,422	34,142	31,712	36,087	31,378	46,084	52,888	56,978	254,106	267,215	285,952	305,916	294,098	307,332	332,620	345,878	142,041	152,473	167,916	173,734	174,360	185,791	207,756	224,398	34,817	34,634	26,581	43,772	41,509	41,168	37,870	33,785	8,394	493	(5,131)	7,685	10,130	(4,916)	(15,018)	(23,192)																																																								
Total assets	215,837	228,840	258,742	254,106	267,215	285,952	305,916	294,098	307,332	332,620	345,878	142,041	152,473	167,916	173,734	174,360	185,791	207,756	224,398	34,817	34,634	26,581	43,772	41,509	41,168	37,870	33,785	8,394	493	(5,131)	7,685	10,130	(4,916)	(15,018)	(23,192)	254,106	267,215	285,952	305,916	294,098	307,332	332,620	345,878	142,041	152,473	167,916	173,734	174,360	185,791	207,756	224,398	34,817	34,634	26,581	43,772	41,509	41,168	37,870	33,785	8,394	493	(5,131)	7,685	10,130	(4,916)	(15,018)	(23,192)																																
Shareholders' equity	102,019	118,433	140,439	142,041	152,473	167,916	173,734	174,360	185,791	207,756	224,398	34,817	34,634	26,581	43,772	41,509	41,168	37,870	33,785	8,394	493	(5,131)	7,685	10,130	(4,916)	(15,018)	(23,192)	254,106	267,215	285,952	305,916	294,098	307,332	332,620	345,878	142,041	152,473	167,916	173,734	174,360	185,791	207,756	224,398	34,817	34,634	26,581	43,772	41,509	41,168	37,870	33,785	8,394	493	(5,131)	7,685	10,130	(4,916)	(15,018)	(23,192)																																								
Interest-bearing debt	36,507	36,538	36,907	34,817	34,634	26,581	43,772	41,509	41,168	37,870	33,785	8,394	493	(5,131)	7,685	10,130	(4,916)	(15,018)	(23,192)	254,106	267,215	285,952	305,916	294,098	307,332	332,620	345,878	142,041	152,473	167,916	173,734	174,360	185,791	207,756	224,398	34,817	34,634	26,581	43,772	41,509	41,168	37,870	33,785	8,394	493	(5,131)	7,685	10,130	(4,916)	(15,018)	(23,192)																																																
Net interest-bearing debt	16,312	15,246	9,547	8,394	493	(5,131)	7,685	10,130	(4,916)	(15,018)	(23,192)	254,106	267,215	285,952	305,916	294,098	307,332	332,620	345,878	142,041	152,473	167,916	173,734	174,360	185,791	207,756	224,398	34,817	34,634	26,581	43,772	41,509	41,168	37,870	33,785	8,394	493	(5,131)	7,685	10,130	(4,916)	(15,018)	(23,192)																																																								
Operating income ratio (%)	8.4	9.7	10.9	10.6	10.9	9.6	9.1	7.1	4.6	8.3	7.5	9.0	9.9	9.2	8.1	6.7	4.8	7.4	6.4	55.9	57.1	58.7	56.8	59.3	60.5	62.5	64.9	0.06	0.00	(0.03)	0.04	0.06	(0.02)	(0.07)	(0.10)	68.24	78.03	387.44	364.03	308.71	235.23	392.88	371.12	759.27	815.10	4,435.96	4,590.06	4,711.34	5,019.35	5,612.28	6,059.46	20	24	24	120	120	75	120	130	29.3	30.8	31.0	33.0	38.9	31.9	30.5	35.0	54.5	54.9	55.5	59.4	57.4	56.7	59.0	63.3	75,464	74,509	74,602	67,238	57,414	50,624	56,193	38,708	0.823	0.826	0.782	0.704	0.651	0.675	0.645	0.426	7,579	7,886	8,358	8,818	8,733	8,535	8,566	8,691
ROE*1 (%)	7.7	9.3	10.9	9.0	9.9	9.2	8.1	6.7	4.8	7.4	6.4	55.9	57.1	58.7	56.8	59.3	60.5	62.5	64.9	0.06	0.00	(0.03)	0.04	0.06	(0.02)	(0.07)	(0.10)	68.24	78.03	387.44	364.03	308.71	235.23	392.88	371.12	759.27	815.10	4,435.96	4,590.06	4,711.34	5,019.35	5,612.28	6,059.46	20	24	24	120	120	75	120	130	29.3	30.8	31.0	33.0	38.9	31.9	30.5	3																																								

Performance by Segment and Region

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

Performance by Business Segment (Millions of yen)

		FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Chain Operations	Order acceptance	48,236	54,788	60,530	63,168	60,999	69,728	68,198	65,055	61,529	81,301	89,051
	Backlog	6,697	7,409	7,932	8,215	9,789	13,546	11,427	10,619	12,966	23,177	25,158
	Net sales*1	50,250	55,828	61,721	63,998	60,600	67,338	72,023	67,526	61,312	74,174	90,096
	Operating income	3,586	3,763	5,002	6,172	7,102	8,502	10,292	8,406	7,862	11,005	13,687
	Operating income ratio (%)	7.1	6.7	8.1	9.6	11.7	12.6	14.3	12.4	12.8	14.8	15.2
Motion Control Operations*3	Order acceptance	18,906	22,025	22,389	21,745	21,576	25,043	25,251	22,665	17,433	22,853	23,869
	Backlog	2,320	3,072	3,361	3,464	3,732	5,148	5,277	4,628	4,166	7,788	9,099
	Net sales*1	19,664	21,612	22,557	21,975	21,563	24,156	25,591	23,813	18,024	19,906	23,316
	Operating income	1,955	2,273	2,400	2,428	2,218	3,060	3,340	2,189	747	1,129	1,710
	Operating income ratio (%)	9.9	10.5	10.6	11.0	10.3	12.7	13.1	9.2	4.1	5.7	7.3
Mobility Operations*4	Order acceptance	49,555	60,785	66,279	74,235	75,197	79,377	78,940	70,895	59,732	66,199	77,694
	Backlog	755	867	169	931	982	814	762	707	1,146	1,319	1,767
	Net sales*1	49,397	60,674	66,978	73,473	75,147	79,545	78,992	70,949	59,450	66,027	77,275
	Operating income	6,494	10,119	11,916	12,258	12,385	10,258	8,734	5,791	3,782	6,568	6,376
	Operating income ratio (%)	13.1	16.7	17.8	16.7	16.5	12.9	11.1	8.2	6.4	9.9	8.3
Materials Handling Operations	Order acceptance	29,652	40,194	44,627	43,460	42,826	46,770	59,054	67,968	48,256	59,279	64,487
	Backlog	15,993	18,023	17,926	16,876	18,716	22,044	27,631	31,457	26,446	30,973	35,727
	Net sales*1	30,246	39,565	45,169	44,354	41,043	44,187	61,827	64,212	53,618	55,728	60,973
	Operating income	531	1,192	1,940	659	706	416	402	647	(2,202)	799	(888)
	Operating income ratio (%)	1.8	3.0	4.3	1.5	1.7	0.9	0.7	1.0	—	1.4	—
Others*2	Order acceptance	2,054	1,895	2,258	2,165	2,455	2,826	2,751	2,810	3,012	2,905	2,624
	Backlog	227	167	265	88	163	181	313	346	121	627	687
	Net sales*1	2,846	2,719	2,968	3,186	3,001	3,331	3,548	3,542	3,941	3,074	3,200
	Operating income	143	63	123	84	(1)	(41)	(43)	20	(330)	(442)	(534)
	Operating income ratio (%)	5.0	2.3	4.2	2.6	—	—	—	0.6	—	—	—
Total	Order acceptance	148,405	179,689	196,086	204,776	203,056	223,747	234,196	229,394	189,875	232,540	257,727
	Backlog	25,994	29,540	29,655	29,576	33,385	41,735	45,413	47,760	44,846	63,885	72,440
	Net sales*1	150,002	178,022	196,738	203,976	198,762	215,716	238,515	226,423	193,399	215,879	251,574
	Operating income	12,579	17,354	21,427	21,570	21,647	20,694	21,789	16,146	8,896	17,842	18,985
	Operating income ratio (%)	8.4	9.7	10.9	10.6	10.9	9.6	9.1	7.1	4.6	8.3	7.5

Performance by Geographic Segment (Millions of yen)

Japan	Net sales*1	110,183	110,585	119,349	121,347	117,795	125,380	127,439	120,621	104,416	118,089	122,196
	Operating income	8,570	9,234	12,694	12,621	11,351	12,231	12,702	9,224	4,577	8,772	7,946
Americas	Net sales*1	30,062	43,551	48,749	51,671	50,830	52,862	67,462	63,371	53,473	59,484	80,097
	Operating income	2,048	3,964	4,162	4,496	4,853	3,034	2,664	1,719	(666)	3,026	3,879
Europe	Net sales*1	14,566	22,056	26,545	24,219	23,181	25,620	27,779	25,321	20,267	24,409	30,849
	Operating income	429	471	890	531	687	176	187	-77	897	1,255	1,675
Asia/Oceania*5	Net sales*1	17,027	—	—	—	—	—	—	—	—	—	—
	Operating income	1,417	—	—	—	—	—	—	—	—	—	—
Indian Ocean Rim	Net sales*1	—	9,741	10,718	12,626	12,763	14,850	17,488	16,639	12,752	16,539	20,128
	Operating income	—	1,384	1,385	1,680	1,744	2,138	2,837	1,961	1,215	1,970	2,352
China	Net sales*1	—	11,044	14,062	16,494	18,186	22,251	22,946	20,523	19,682	22,311	24,012
	Operating income	—	954	1,008	273	925	864	1,175	1,069	1,280	1,686	1,375
South Korea and Taiwan	Net sales*1	—	5,011	7,115	8,578	8,378	9,684	9,440	9,661	8,054	10,019	11,062
	Operating income	—	372	258	405	273	471	314	400	(47)	312	291

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

*2 Not included in reported segments, it includes building maintenance, 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.

*5 We have divided Asia/Oceania into the Indian Ocean Rim, China, and South Korea and Taiwan since the fiscal year ended March 31, 2014.

Principal Tsubaki Group Companies

(As of March 31, 2023)

Japan

Tsubakimoto Custom Chain Co.
Tsubakimoto Sprocket Co.
Tsubaki Yamakyu Chain Co.
Tsubakimoto Iron Casting Co.
Tsubakimoto Machinery Co.
Tsubakimoto Bulk Systems Corp.
Tsubakimoto Mayfran Inc.
Tsubaki Support Center Co.

6 other companies

Americas

U.S. Tsubaki Holdings, Inc.
U.S. Tsubaki Power Transmission, LLC
U.S. Tsubaki Automotive, LLC
Central Automation Holdings, Inc.
U.S. Tsubaki Industrial, LLC
Tsubaki Kabelschlepp America, Inc.
Tsubaki Brasil Equipamentos Industriais Ltda.
Central Conveyor Company, LLC
Central Process Engineering, LLC
Central Industrial, LLC
Electrical Insights, LLC
KCI, Incorporated
ATR Sales, Inc.
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.

Europe

Tsubakimoto Europe B.V.
Tsubakimoto UK Ltd.
Tsubaki Deutschland GmbH
Tsubaki Automotive Czech Republic s.r.o.
Tsubaki Ibérica Power Transmission S.L.
Tsubaki Kabelschlepp GmbH
Kabelschlepp GmbH-Hünshorn
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.
Tsubaki India Power Transmission Private Limited
Tsubaki Conveyor Systems India Private Limited
Tsubakimoto Vietnam Co., Ltd.
Tsubakimoto Philippines Corporation
Tsubaki Australia Pty. Limited
Tsubakimoto Automotive (Thailand) Co., Ltd.
Tsubaki Motion Control (Thailand) Co., Ltd.
Kabelschlepp India Private Limited

1 other company

China

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

1 other company

South Korea and Taiwan

Taiwan Tsubakimoto Co.
Taiwan Tsubakimoto Trading Co., Ltd.
Taiwan Tsubakimoto Motion Control Co., Ltd.
Tsubakimoto Automotive Korea Co., Ltd.
Tsubakimoto Korea Co., Ltd.



Corporate Data and Stock Information

(As of March 31, 2023)

Corporate Data

Company Name	Tsubakimoto Chain Co.	Number of Consolidated Subsidiaries	65
Date of Foundation	December 1917	Number of Unconsolidated Subsidiaries	8
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)	8,691
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:	38,281,393 shares
Number of Shareholders	12,431

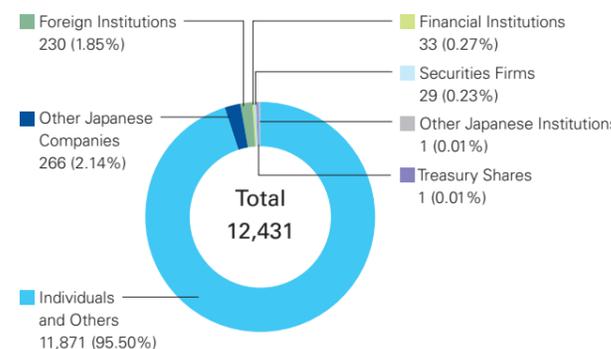
Major Shareholders (Top 10)

Name	Number of Shares Held (Thousands)	Percentage of Total Shares Issued (%)
The Master Trust Bank of Japan, Ltd.(Trust account)	4,695	12.67
Taiyo Life Insurance Company	3,559	9.61
Custody Bank of Japan, Ltd.(Trust account)	1,671	4.51
Kyoeikai Members Stock Ownership Association	1,620	4.37
Nippon Life Insurance Company	1,576	4.25
Tsubakimoto Kogyo Co., Ltd.	1,158	3.12
Sumitomo Mitsui Banking Corporation	1,000	2.70
Sumitomo Mitsui Trust Bank, Limited	722	1.94
Government of Norway (standing proxies: Citibank, N.A. Tokyo Branch)	671	1.81
Resona Bank, Limited	667	1.80

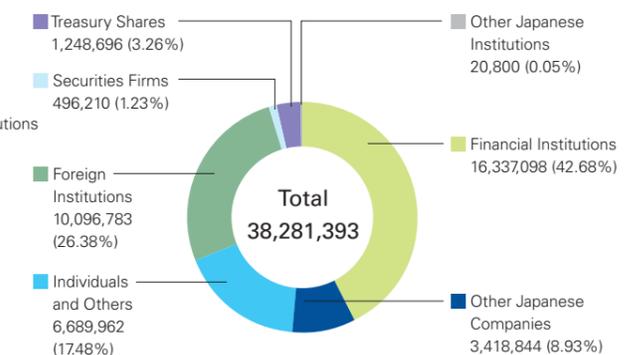
(Notes) 1. Numbers less than 1,000 have been rounded down.
2. Although the Company holds treasury stock of 1,248,696 shares, it is not included in the above list of major shareholders.
3. Percentage of total shares issued has been calculated excluding the treasury stock of 1,248,696 shares.

Shareholder Composition

Number of Shareholders



Number of Shares Held



Contact for inquiries regarding
TSUBAKI REPORT

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TSUBAKIMOTO CHAIN CO.

<https://tsubakimoto.com>