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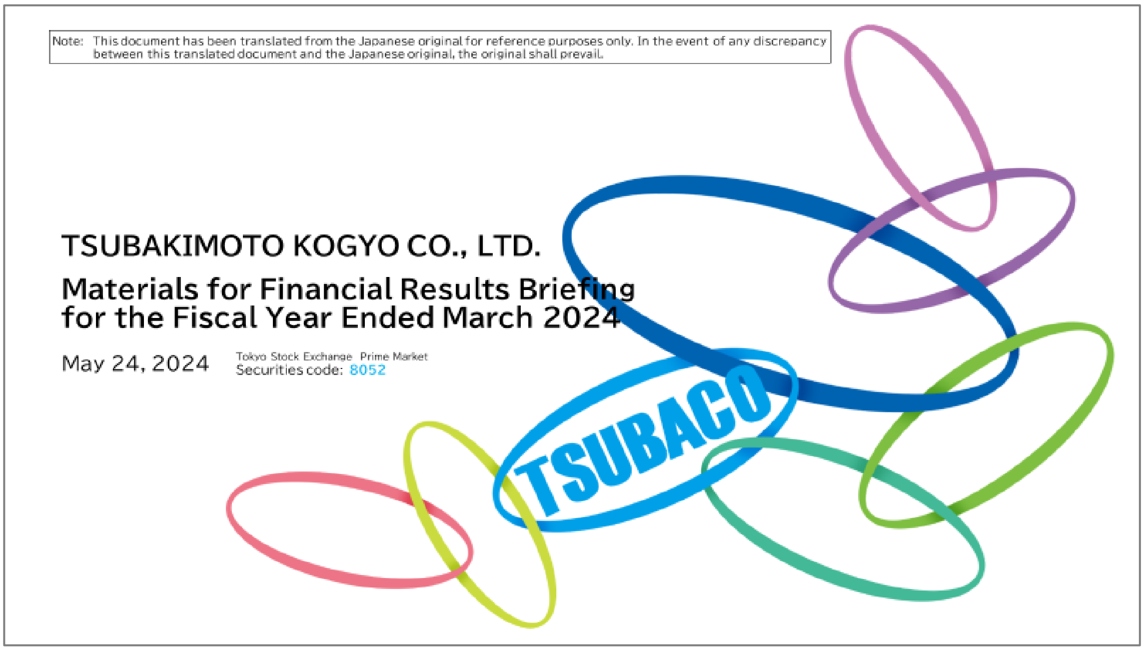
In the event of any discrepancy between the Japanese original and the English translation, the Japanese original shall prevail.

【Title】
【Q&A included】
TSUBAKIMOTO KOGYO Sales Recorded Historical High, All-time High Order Backlog to Boost Sales and Profit in FY25, Bolsters Shareholder Return

【Lead】
Following is a transcript of the financial results briefing for the fiscal year ended March 2024, released on May 24, 2024.

【Speakers】
Masashi Koda, President & COO, TSUBAKIMOTO KOGYO CO., LTD.
Hiroshi Kasugabe, Director, Executive Managing Officer, Overseeing Corporate Administration; General Manager, Corporate Administration Center



【Body】

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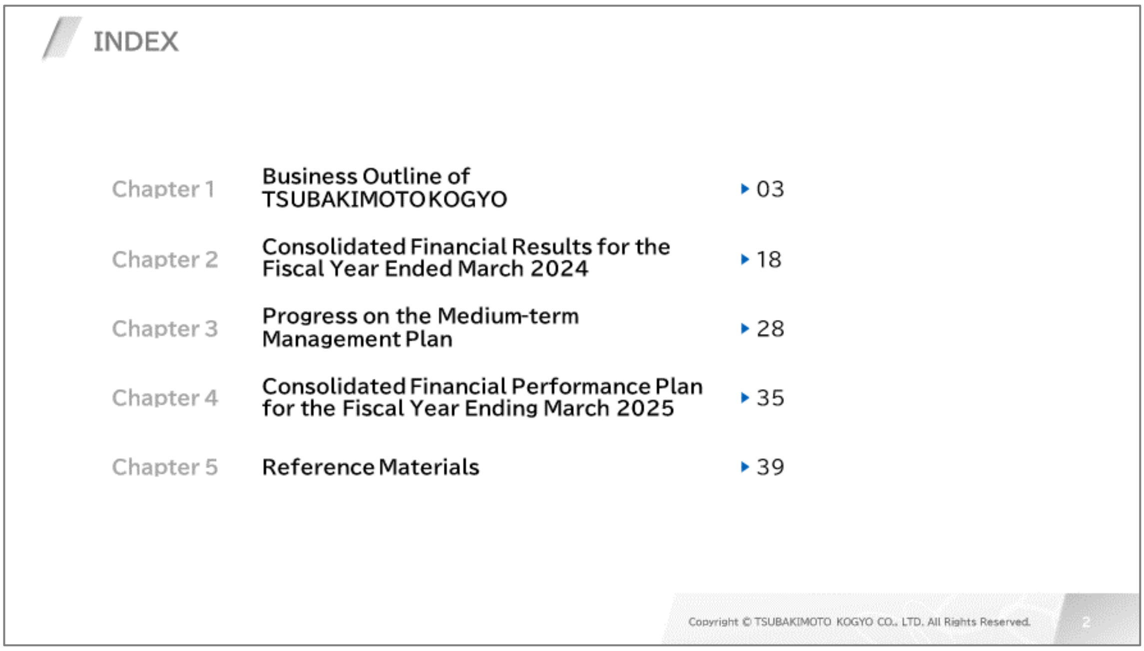


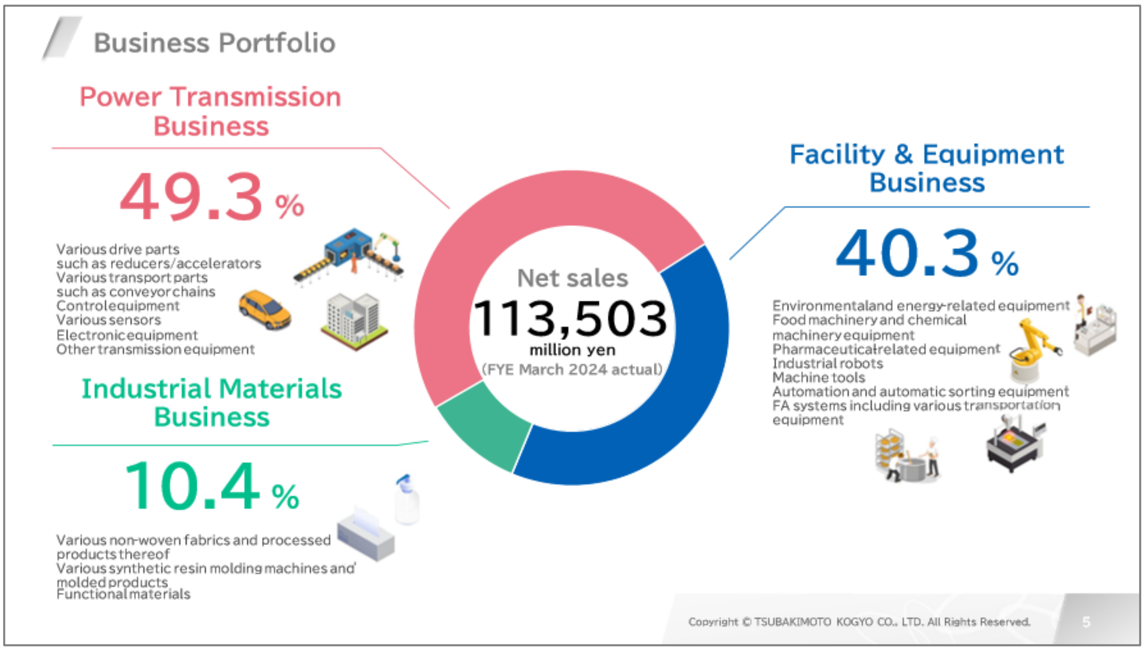
Masashi Koda (hereinafter “Koda”): Thank you for participating in our financial results briefing for the fiscal year ended March 2024. I am Koda, president and COO of TSUBAKIMOTO KOGYO CO., Ltd (hereinunder “Tsubaco”.)

Today, I will give a presentation in the order of chapters on the slides. First, I will introduce our business, and then explain an overall business performance for the fiscal year ended March, 2024, the progress of our medium-term management plan, and our key issues and business plan for the fiscal year ending March 31, 2025, based on a review of the medium-term plan.

About TSUBAKIMOTO KOGYO

This slide is about our business overview. We define ourselves as "a team of professionals that solves problems by combining engineering and coordination." Leveraging experience and technology nurtured over 100 years, we help our customers solve their on-site issues together.

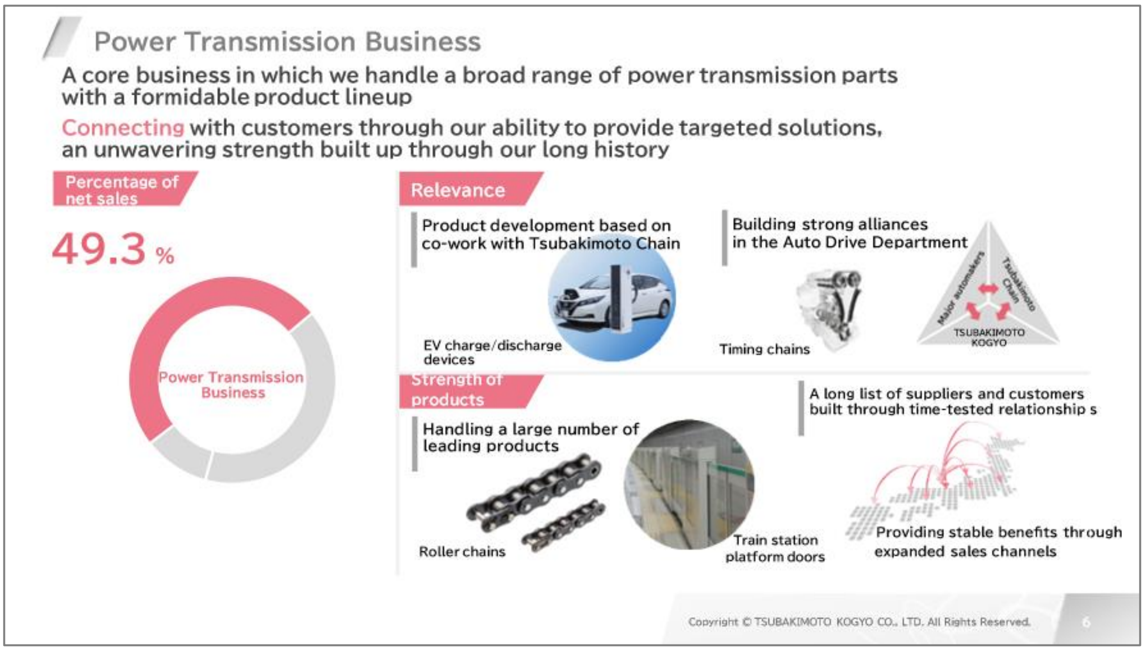
Business Portfolio



Our business comprises three businesses: the Power Transmission Business dealing with power transmission components; the Facility & Equipment Business providing automated transport systems; and the Industrial Materials Business handling cutting-edge materials and self-developed products.

In addition to those three businesses, we have the Overseas Business where we conduct business globally centered on Asia, and the Sensing Business handling image processing and various sensors. We seek further growth through a total of five businesses.

Power Transmission Business



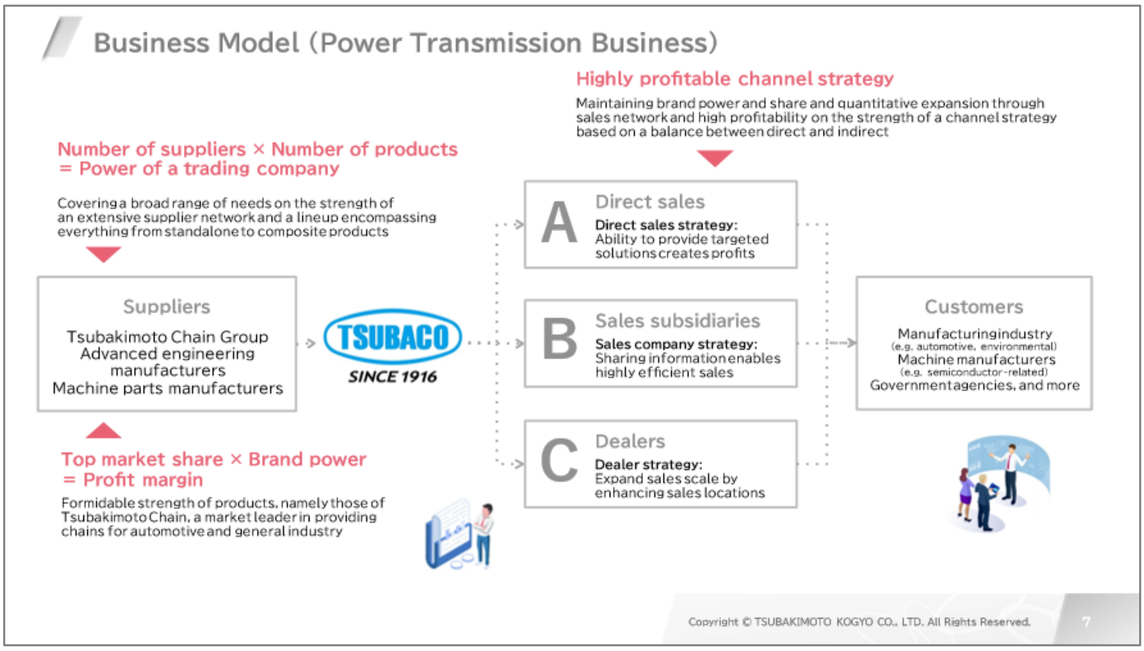
I will explain the Power Transmission Business, one of our core businesses.

This business handles a broad range of power transmission parts and mechanical components that perform the functions of “moving,” “connecting,” and “conveying,” and we carry an enormous number of products. The abundant choices available are why our customers always select Tsubaco.

This business is deeply related to Tsubakimoto Chain Co., which shares the same founding father. Tsubakimoto Chain Co. is an essential partner with a strong collaborative relationship in various areas, such as product development and delivery. The products of Tusbakimoto Chain Co. are the mainstay of the sales of this business, accounting for about 30% of Tsubaco’s sales.

In the auto parts field, we have aligned with major automakers and Tusbakimoto Chain Co. to develop chains for engines for several decades. Also, the Power Transmission Business boasts of handling numerous products with a leading market share.

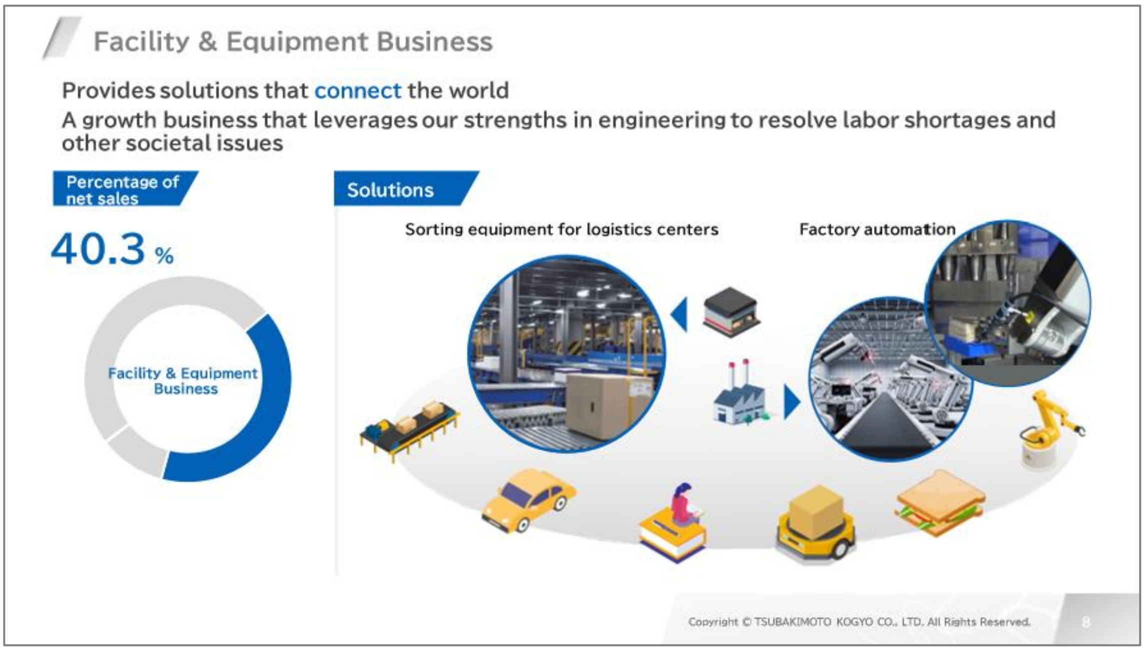
Business Model (Power Transmission Business)



Now, I will move to the business model of the Power Transmission Business. The transactions through sales subsidiaries (B in the table) and dealers (C in the table) account for about 30% of the Power Transmission Business.

Sales subsidiaries are characterized by a proposal-driven sales style catering to regional specifics. They established deep trust from customers by carefully listening to their needs and wants and providing services quickly with high responsiveness. We have over 100 domestic sales franchises, including sales subsidiaries and dealers, which underlie the sales network.

Facility & Equipment Business



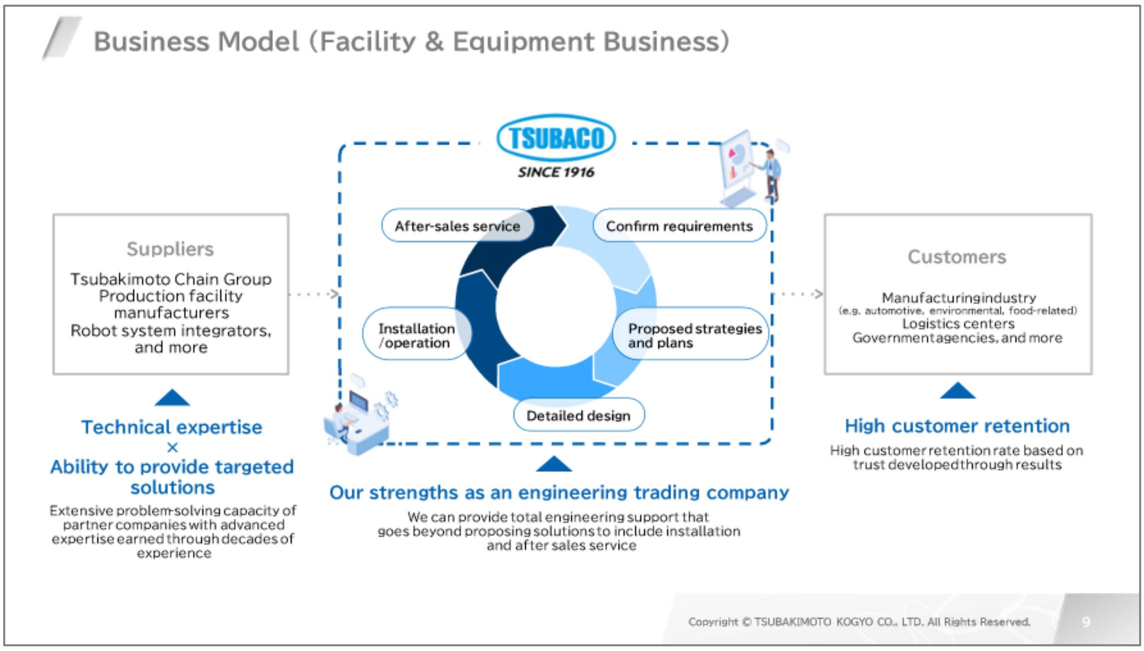
I will explain the Facility & Equipment Business. This business deals with material-handling systems, factory automation (FA) systems, industrial machinery, and powder conveyance devices, and has served to solve energy-saving and environmental issues.

In this business, we deal with material-handling systems that support everything from conveyance to sorting in every industry, together with our powerful partner, Tsubakimoto Chain Co. We provide our handling systems in the FA area, leveraging the engineering abilities we gained from the assembling to outfitting area.

In the industrial machinery area, we handle a broad range of products, such as coating and drying apparatus for films, large machine tools for machine work, and freezer equipment for the food industry. Other products include powder conveyance devices and peripheral equipment, such as biomass power generators, which contribute to solving environmental issues.

The Facility & Equipment Business is our growth driver, providing new possibilities and value to every production site.

Business Model (Facility & Equipment Business)



For a long time, we, together with highly expertise partners, such as Tsubakimoto Chain Co, have been tackling issues bothering on production sites, with our technical expertise driven by advanced technology.

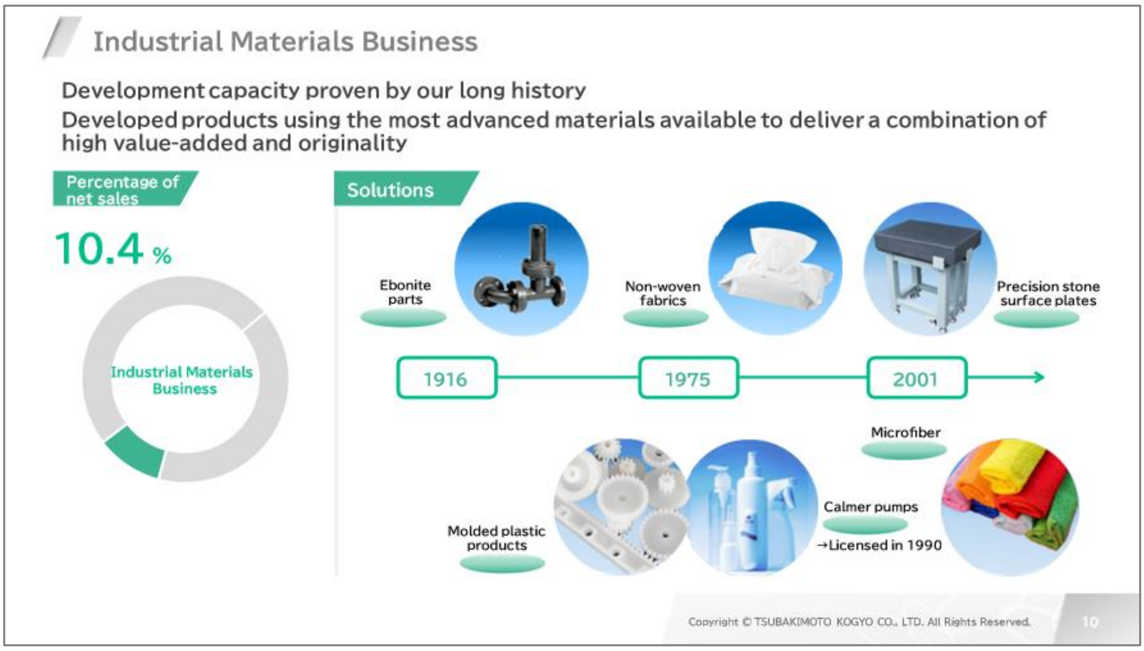
With the Engineering Department and the Construction Management Department being integrated into the company, we have a system capable of comprehensively offering support, such as equipment proposal, installment, and after-sale services. This system is the source of our developed competitive edge in the Facility & Equipment Business.

We have swiftly embraced advanced technologies for automation and workforce reduction. Let's take an industrial robot, the symbol of factory automation, as an example. Even when a hydraulically actuated robot was mainly used in factories, we partnered with major Japanese manufacturers to respond to electrification, contributing to the automation of welding and assembling processes of the production lines of automobiles.

Also, we have maintained a trusting relationship with robotic system integrators (robotic SIers) since the early days of robotics. We show our presence as a robot SIer trading company amid the growing automation needs using industrial and collaborative robots.

Moreover, being ready for the changing demands of production sites, we provide customers with the most appropriate proposals, from floor and ceiling transportation to cell production systems. Our ambition is to unlock the future of the industrial arena by proposing state-of-the-art technology and machinery from now on.

Industrial Materials Business

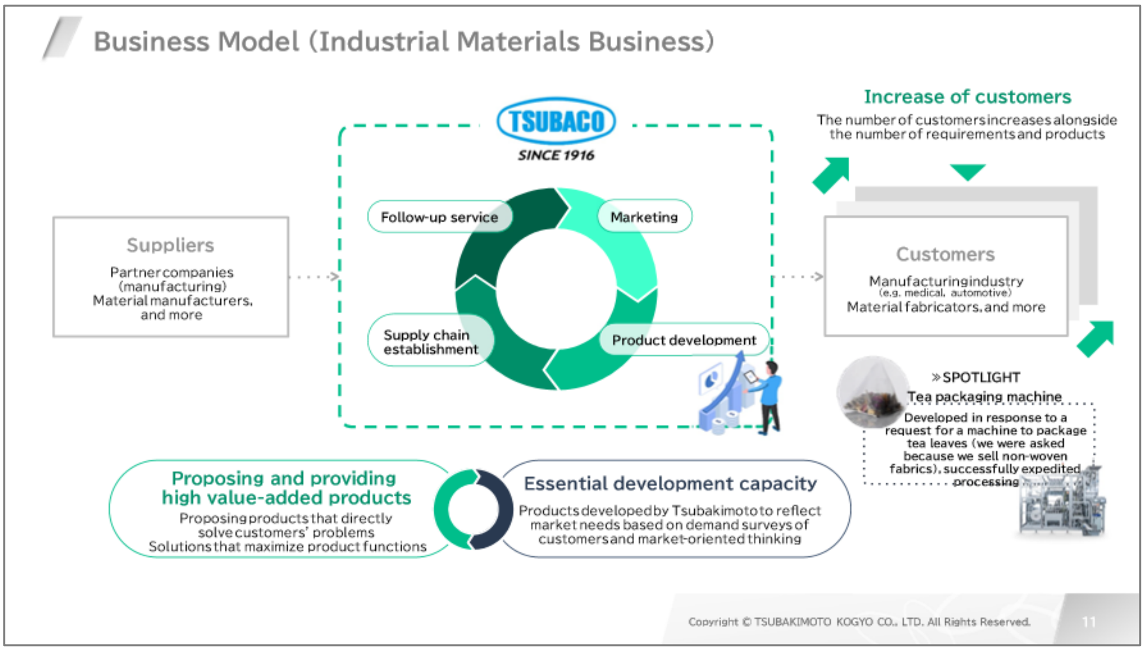


I will explain the Industrial Materials Business (technological materials business). We handle the cutting-edge industrial materials of the times, such as chemical products like rubber products, which have been dealt with since our foundation.

This business also deals with various general consumer products. For example, interior materials for automobiles, non-woven fabric for wet wipes, sprays and pumps for shampoo and cosmetics, model plastic products, and carbon are included in this category.

We have recently responded to various areas by delivering micro-fiber to auto supply makers and developing environment-friendly biodegradable materials. We actively develop new products and cultivate a new market, looking for business opportunities, such as in inspection and measurement services using drones. This business aims to grow with fresh ideas.

Business Model (Industrial Materials Business)

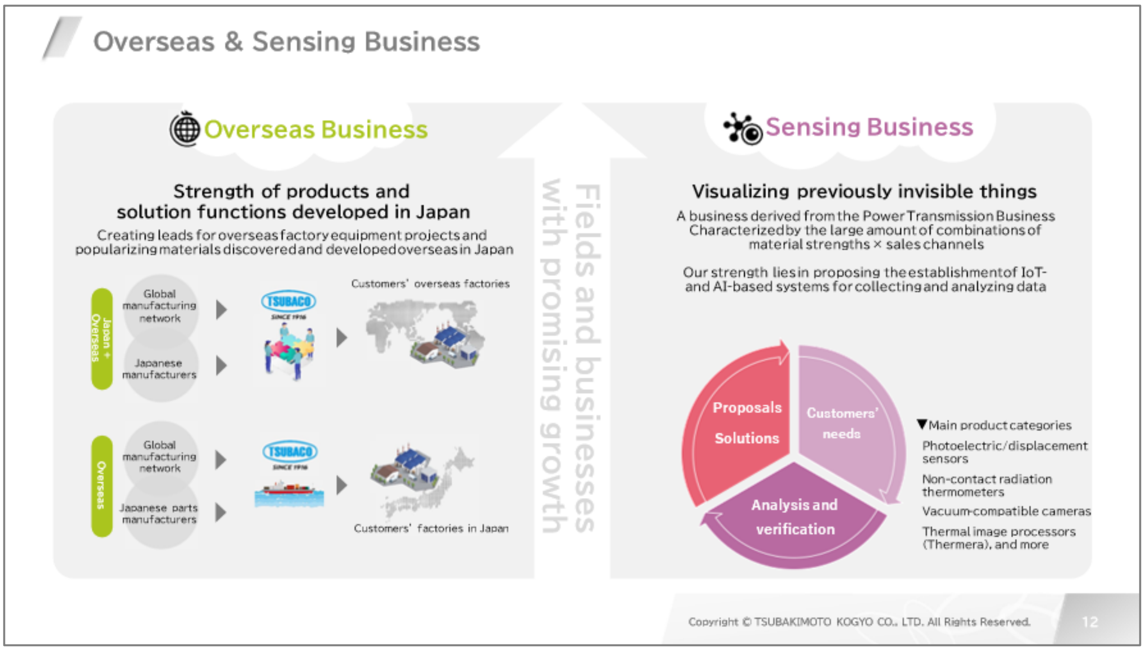


Let's move on to the business model of the Industrial Materials Business. We continuously develop products that align with the trends of the times. We co-developed environment-friendly biodegradable films and non-woven fabric and went to market fast while starting to deal with precision stone surface plates, looking forward to the robust semiconductor industry.

We also created numerous value-added products. Among them is the high-speed triangle teabag machine of our brand, developed in response to the client's request to whom we supplied non-woven fabric for triangular teabags. Now the machines sell well in both Japan and overseas.

No other company has the scheme to respond to the ever-changing needs of the times and create value-added products through co-development.

Overseas & Sensing Business



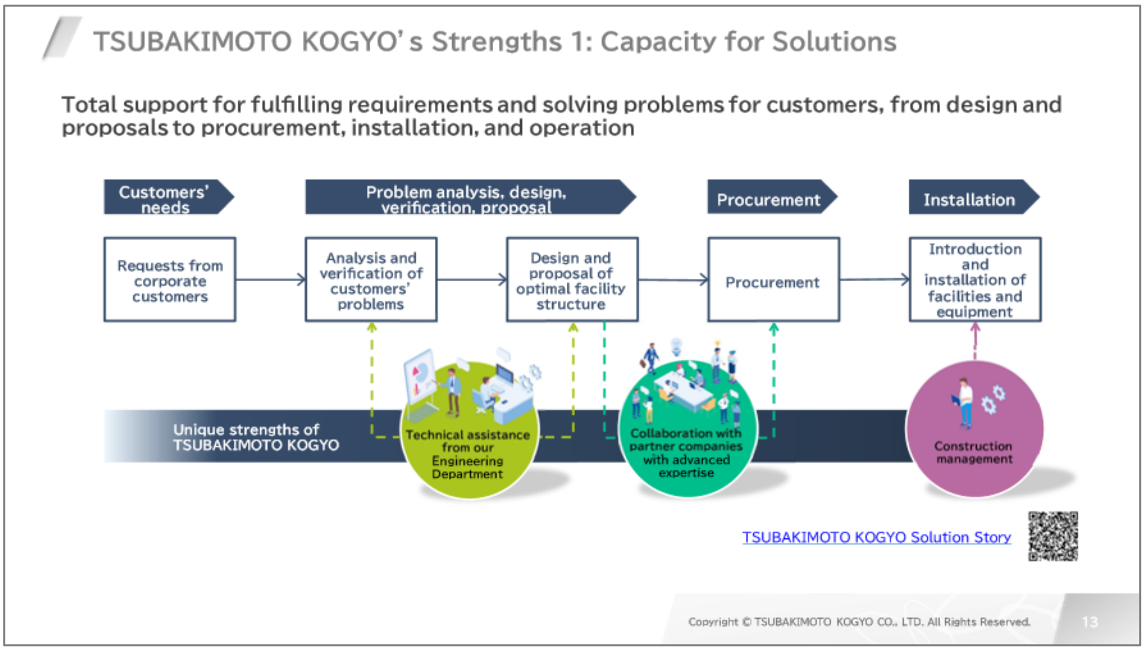
I will explain the Overseas Business and Sensing Business, in which we see high growth potential. In the Overseas Business, we primarily provide Japanese-affiliated companies with the same level of services and solutions as we do to domestic companies, together with our overseas subsidiaries, mainly in Asia.

Sharing information with our offices in Japan and reinforcing alignment with them, the overseas sales companies strive to achieve high customer satisfaction and broaden the customer base. At the same time, they work with overseas offices to explore new products to import so that we can offer new value propositions catering to domestic demand and changing needs.

Then, let's talk about the Sensing Business. The Sensing Business started as a Development Department handling control equipment. Responding to the needs of the times, the business worked with other departments to put forward proposals, leveraging our technological expertise by combining cutting-edge controllers and various sensors.

The business helps solve issues of production sites with various products, from sensors alone to image processing equipment, which meet broader customer needs. More recently, we have used artificial intelligence (AI) and Internet-of-Things (IoT) technology to "visualize things that can't be seen before."

TSUBAKIMOTO KOGYO's Strengths 1: Capacity for Solutions



I have introduced our three core businesses and two other businesses with high potential. Now, I will share with you our three strengths. The first one is our capacity for solutions.

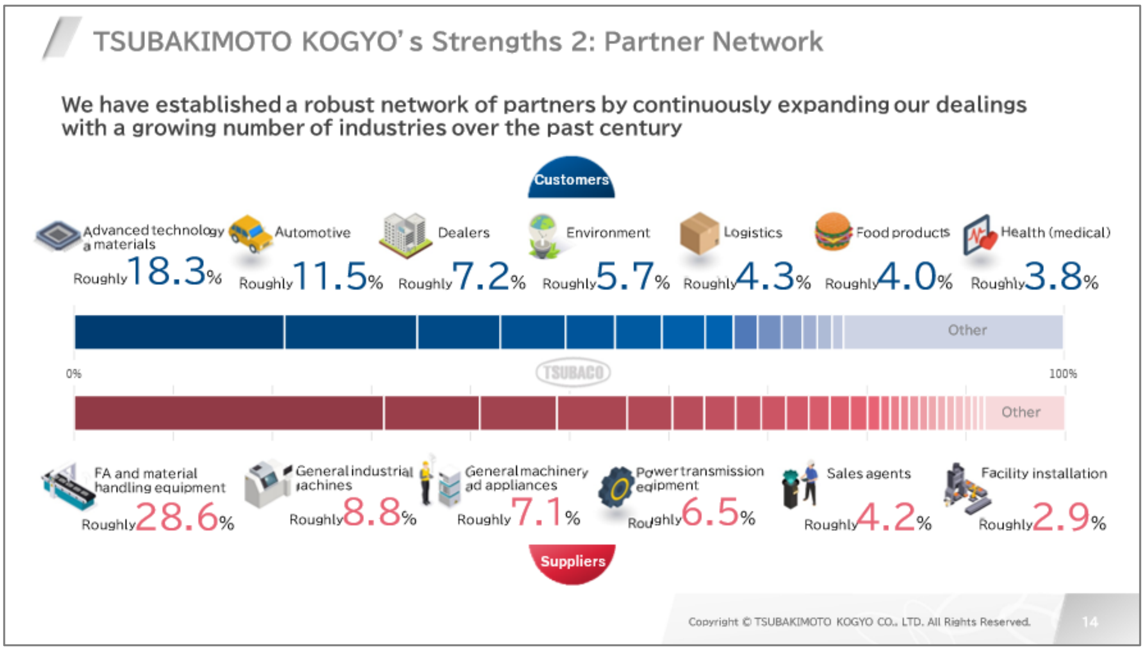
Unlike other machinery trading companies, we have an Engineering Department with about 20 engineers in the mechanical and electrical field within the company. They allow us to prepare scheme drawings and solve issues using their professional knowledge.

In addition, networking with partner companies with advanced expertise enables us to provide appropriate solutions to diversified requests from multiple industries.

The Construction Management Department also plays an important role. The Company, including the Sales Department, boasts more than 200 chief engineers, of which 30 or more are in the Construction Management Department. Moreover, more than 80 employees are qualified as managing engineers. They help support clients comprehensively, from introducing, installing, and supervising the operation of facilities and equipment. We also focus on after-sale services.

Our capability to provide an end-to-end service, from technological proposition to equipment installation, including construction, is one of our strengths, differentiating us from our peers.

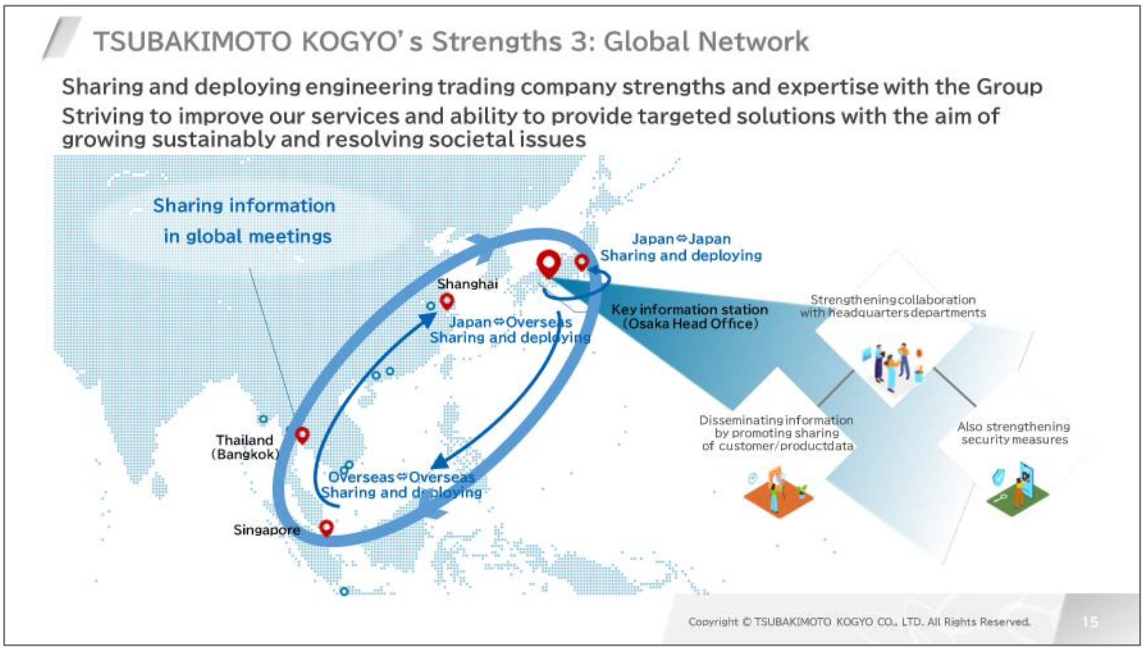
TSUBAKIMOTO KOGYO’s Strength 2: Partner Network



The second strength is a robust network of customers and broader suppliers. Our customers span not only advanced technology, materials, automotive, logistics, and environmental fields but also many other industries, which leads to the stability of our business performance.

We attribute this to our ability to procure diverse products from a wide array of industry partners and to add up with technology, which has made us meet our customers' demands. This is primarily due to the trusting relationship built over 100 years, and the continuous expansion of transactions with broader industries represents our strength.

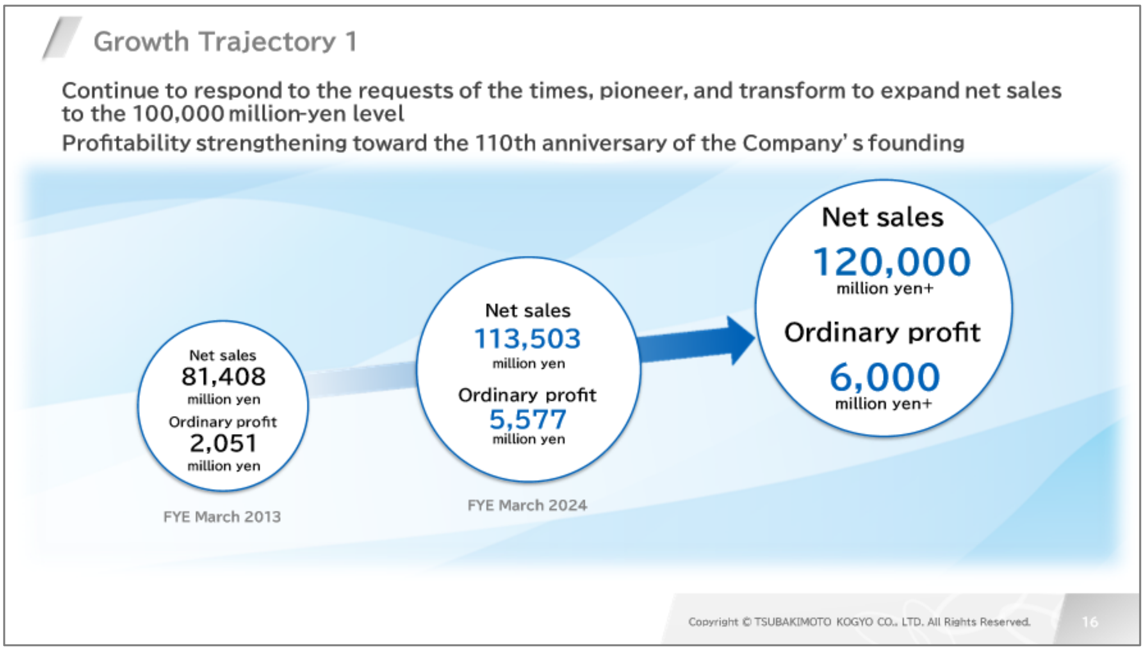
TSUBAKIMOTO KOGYO's Strength 3: Global Network



The third strength is a global network, including our domestic and overseas subsidiaries. Leveraging our accumulated experience and success with our divisions globally, we share and disseminate information in three directions: between domestic and overseas sales companies, between domestic sales companies, and between overseas sales companies.

We will further double down the collaboration among them and headquarters departments, especially in the IT and digital transformation (DX) field, to solidify the foundation of the overseas sales subsidiaries and improve operating efficiency. As such, in this fiscal year, we will establish a related division within headquarters departments to consolidate information and facilitate the alliance.

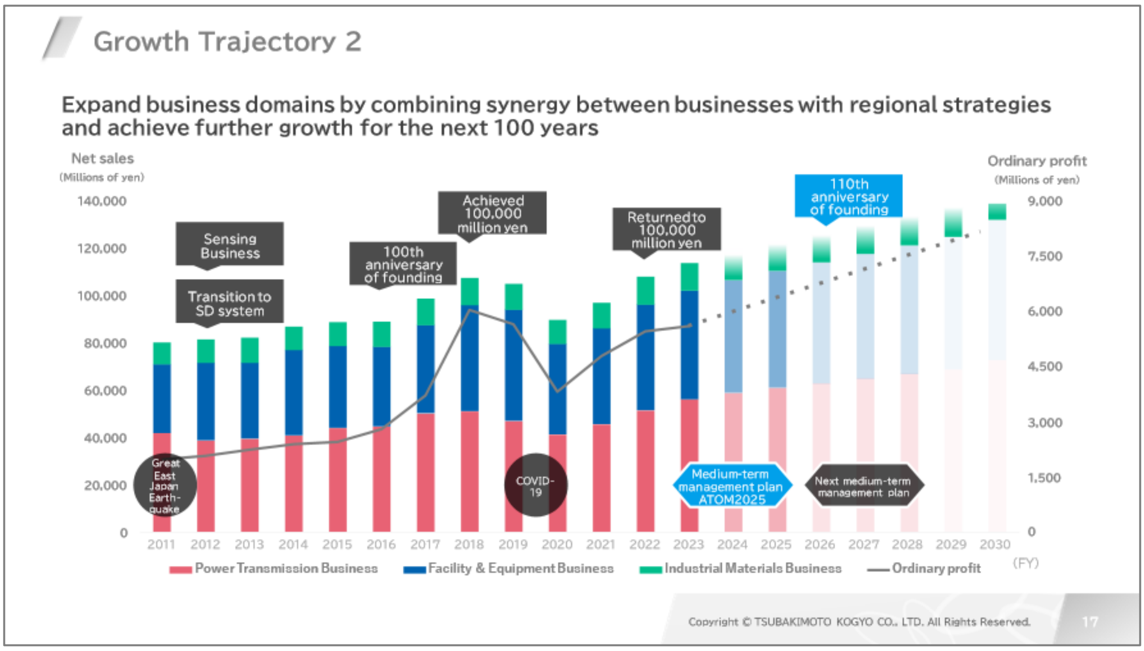
Growth Trajectory 1



We have pursued challenges and transformations in line with the changing times, leveraging our business strengths to grow and expand into a company with net sales of 100,000 million yen. On the transformative path, we changed our segments from department-based to area-based. The expansion of our sales companies' performance, driven by their regionally focused sales efforts and the collaboration with headquarters, has boosted our consolidated business results.

Net sales for the fiscal year ended March 2024 increased from the previous year to a historical high. This achievement demonstrates that the path we took was correct.

Growth Trajectory 2



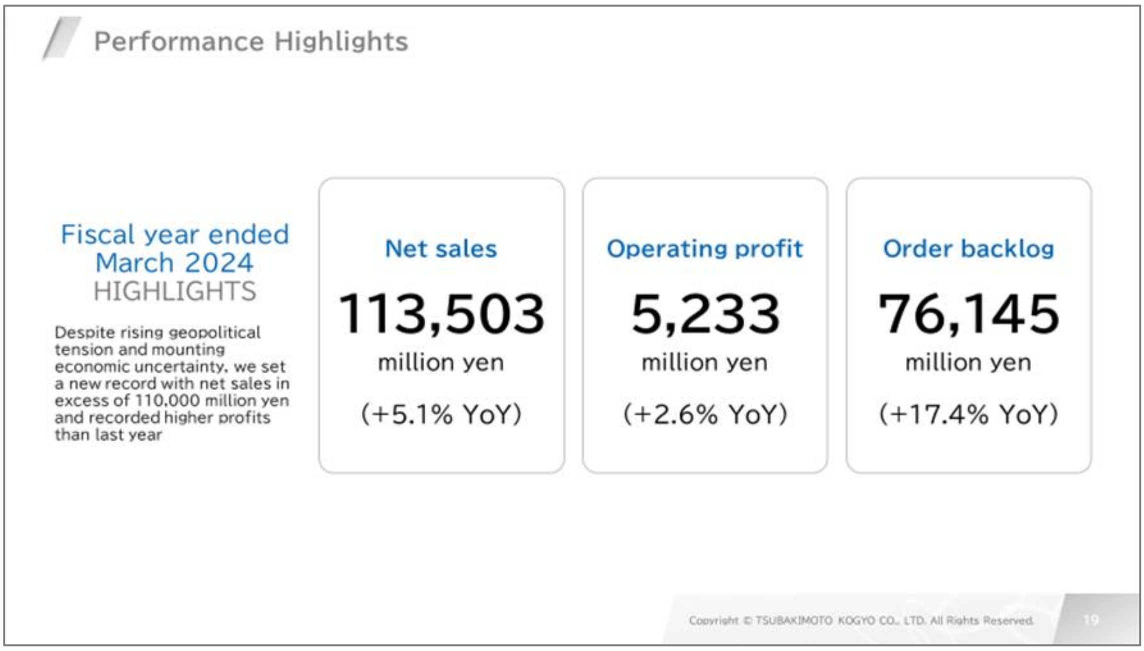
This slide shows each Business' performance—the Power Transmission Business, Facility & Equipment Business, and Industrial Materials Business—and the history of Tsubaco and other external events. You can find how steadily each business has grown.

We undertook an organizational restructuring in 2012, and net sales reached 100,000 million yen in the fiscal year ended March 2018. Despite a temporary decline during the COVID-19 pandemic, net sales recovered to 100,000 million yen in the fiscal year ended March 2021 and continue to expand steadily.

In the future, we regard businesses responding to social issues as businesses with growth potential. With three core businesses—the Power Transmission Business, Facility & Equipment Business, and Industrial Materials Business—together with the Overseas Business and Sensing Business, we aim to achieve further growth.

Building on the past 100 years, we will boost our profitability for the next 100 years to advance to the next stage with new growth strategies.

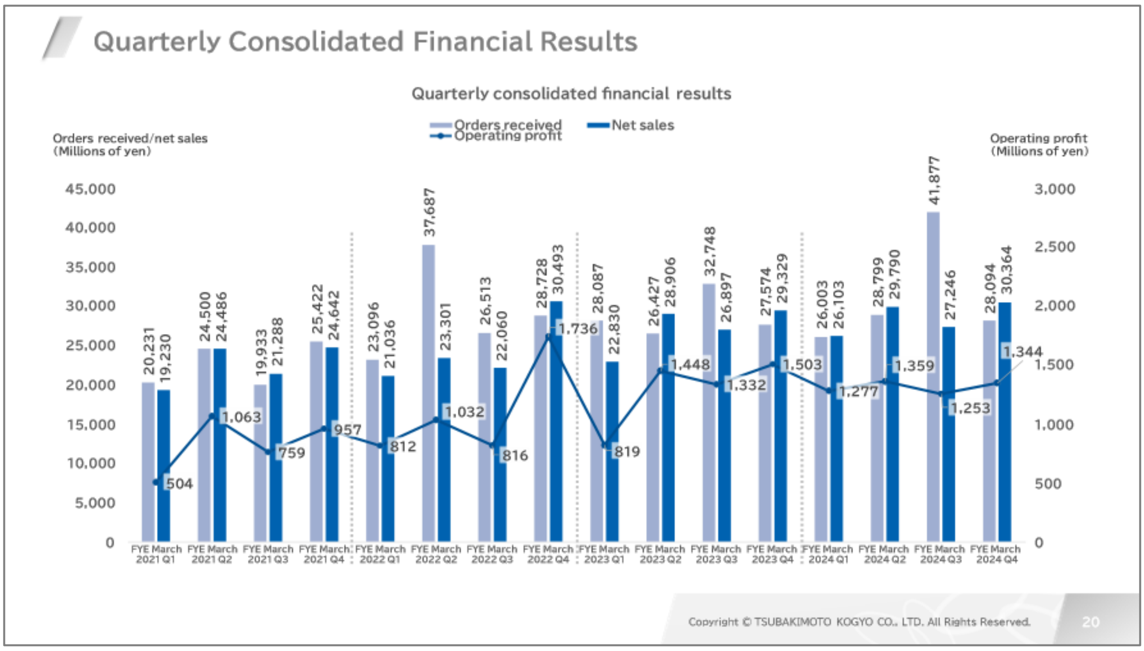
Performance Highlights



Hiroshi Kasugabe (hereinafter referred to as Kasugabe): I will now explain the consolidated financial results for the fiscal year ended March 31, 2024.

Net sales for the current fiscal year reached ¥113,503 million, exceeding ¥100,000 million for the second consecutive term and setting a new record. Operating profit stood at ¥5,233 million, exceeding the previous fiscal year’s figure and achieving increased sales and profit. The order backlog also reached a record high of ¥76,145 million.

Quarterly Consolidated Financial Results



This slide shows the quarterly consolidated financial results. While orders received have experienced some fluctuations due to the presence or absence of large projects, operating profit, as depicted in the line graph, has steadily increased, demonstrating our increased ability to generate consistent earnings.

Consolidated Financial Results

Consolidated Financial Results

(Unit: Millions of yen)	FYE March 2023 (actual)	FYE March 2024 (actual)	Year-on-year Increase (decrease)	Year-on-year Percentage	Comparison to targets: Initial target	Percentage	Revised target (published Oct. 27, 2023)	Percentage
Orders received	114,837	124,773	+9,936	+8.7%	-	-	-	-
Order backlog	64,875	76,145	+11,270	+17.4%	-	-	-	-
Net sales	107,963	113,503	+5,539	+5.1%	100,000	113.5%	107,000	106.1%
Operating profit	5,102	5,233	+130	+2.6%	4,250	123.1%	5,000	104.7%
Operating profit margin	4.7%	4.6%	-	(0.1)%pts	4.3%	-	4.7%	-
Ordinary profit	5,434	5,577	+142	+2.6%	4,600	121.2%	5,350	104.2%
Ordinary profit margin	5.0%	4.9%	-	(0.1)%pts	4.6%	-	5.0%	-
Profit attributable to owners of parent	3,667	4,000	+333	+9.1%	3,050	131.2%	3,750	106.7%
Basic earnings per share* (yen)	195.18	212.90	+17.72	+9.1%	162.33	131.2%	199.5	106.7%
Return on equity (ROE)	11.4%	10.8%	-	(0.6)%pts	-	-	-	-
Ratio of ordinary profit to total assets (ROA)	6.7%	6.2%	-	(0.5)%pts	-	-	-	-

* Basic earnings per share calculated after 3-for-1 share split executed on April 1, 2024.

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I will now provide the details on the consolidated financial results. We conducted a 3-for-1 share split on April 1, 2024. Basic earnings per share for the current fiscal year indicated on the slide reflects the impact of this share split.

In the consolidated financial results, both sales and profit exceeded those of the previous fiscal year, and even exceeded the earnings forecast revised upward during the current fiscal year.

Orders received increased by 8.7% year-on-year to ¥124,773 million. Net sales increased by 5.1% year-on-year to ¥113,503 million. Operating profit increased by 2.6% year-on-year to ¥5,233 million. Ordinary profit also increased by 2.6% year-on-year to ¥5,577 million. Profit attributable to owners of parent increased by 9.1% year-on-year to ¥4,000 million.

Additionally, return on equity (ROE) reached 10.8%, exceeding our target of 10.0%.

Orders Received and Order Backlog (by Segment)

Orders Received and Order Backlog (by Segment)

(Unit: Millions of yen)	Orders received						Order backlog					
	FYE March 2023		FYE March 2024		Year-on-year		FYE March 2023		FYE March 2024		Year-on-year	
	Amount	Percentage	Amount	Percentage	Increase (decrease)	Percentage	Amount	Percentage	Amount	Percentage	Increase (decrease)	Percent-age
Eastern Japan Headquarters	40,461	35.2%	41,086	32.9%	+625	+1.5%	24,568	37.9%	25,444	33.4%	+875	+3.6%
Western Japan Headquarters	40,593	35.3%	49,158	39.4%	+8,564	+21.1%	27,703	42.7%	38,734	50.9%	+11,031	+39.8%
Central Japan Headquarters	16,040	14.0%	16,231	13.0%	+190	+1.2%	8,138	12.5%	7,944	10.4%	(193)	(2.4)%
Strategic Business Development Center	21,354	18.6%	21,383	17.1%	+29	+0.1%	7,277	11.2%	6,690	8.8%	(587)	(8.1)%
Adjustments	(3,611)	(3.1)%	(3,085)	(2.5)%	+526	-	(2,813)	(4.3)%	(2,667)	(3.5)%	+145	-
Total	114,837	100.0%	124,773	100.0%	+9,936	+8.7%	64,875	100.0%	76,145	100.0%	+11,270	+17.4%

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This is the performance by segment. We operate under a regional headquarters system, dividing Japan into three regions. This approach allows us to leverage finely-tuned sales strategies that cater to the specific characteristics of each region.

For the fiscal year ended March 31, 2024, consolidated orders received also reached a record high of ¥124,773 million, increased by 8.7% year-on-year. The significant growth was partly due to the Western Japan Headquarters securing a large-scale project once again.

As a result, the consolidated order backlog reached a record high, amounting to ¥76,145 million, significantly exceeding the previous fiscal year’s figure.

Net Sales and Segment Profit (by Segment)

Net Sales and Segment Profit (by Segment)

(Unit: Millions of yen)	Net sales						Segment profit					
	FYE March 2023		FYE March 2024		Year-on-year		FYE March 2023		FYE March 2024		Year-on-year	
	Amount	Percentage	Amount	Percentage	Increase (decrease)	Percentage	Amount	Percentage	Amount	Percentage	Increase (decrease)	Percentage
Eastern Japan Headquarters	36,436	33.7%	**40,210**	**35.4%**	+3,774	+10.4%	1,705	33.4%	**2,213**	**42.3%**	+508	+29.8%
Western Japan Headquarters	41,073	38.0%	**38,127**	**33.6%**	(2,945)	(7.2)%	3,189	62.5%	**2,818**	**53.8%**	(371)	(11.6)%
Central Japan Headquarters	13,766	12.8%	**16,424**	**14.5%**	+2,658	+19.3%	631	12.4%	**930**	**17.8%**	+299	+47.5%
Strategic Business Development Center	19,490	18.1%	**21,971**	**19.4%**	+2,480	+12.7%	875	17.2%	**798**	**15.3%**	(77)	(8.9)%
Adjustments	(2,803)	(2.6)%	**(3,230)**	**(2.8)%**	(427)	-	(1,298)	(25.4)%	**(1,527)**	**(29.2)%**	(228)	-
Total	107,963	100.0%	**113,503**	**100.0%**	+5,539	+5.1%	5,102	100.0%	**5,233**	**100.0%**	+130	+2.6%

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This is the breakdown of net sales and operating profit by segment. The Eastern Japan Headquarters achieved increased sales and profit, driven by higher sales of power transmission parts for the general industry and steel industry, engineering facilities, and logistics and automotive facilities.

In contrast, the Western Japan Headquarters experienced decreased sales and profit, due to the absence of large projects related to facilities that were recorded in the previous fiscal year, while power transmission parts for the general industry and heavy industry steadily increased. However, thanks to the re-acquisition of major orders during the current fiscal year, both orders received and order backlog have significantly increased.

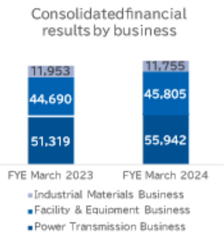
The Central Japan Headquarters achieved significantly increased sales and profit, due to strong sales of power transmission parts for the heavy industry and automotive-related industry, and facilities and equipment for the food industry and automotive-related industry.

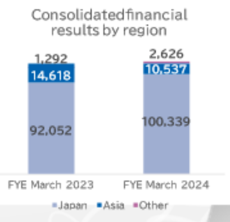
The Strategic Business Development Center oversees the Industrial Materials Business, the Overseas Business centered around subsidiaries abroad, and the new Sensing Business. The department achieved increased sales in the current fiscal year due to the steady performance of the Industrial Materials Business and the Sensing Business, supported by an increase in sales of facilities and equipment for Japanese companies from our subsidiary in China.

By Business and Region

By Business and Region

(Unit: Millions of yen)	Net sales					
	FYE March 2023		FYE March 2024		Year-on-year	
	Amount	Percentage	Amount	Percentage	Increase (decrease)	Percentage
Power Transmission Business	51,319	47.5%	55,942	49.3%	+4,622	+9.0%
Facility & Equipment Business	44,690	41.4%	45,805	40.3%	+1,115	+2.5%
Industrial Materials Business	11,953	11.1%	11,755	10.4%	(198)	(1.7)%
Total	107,963	100.0%	113,503	100.0%	+5,539	+5.1%
Japan	92,052	85.3%	100,339	88.4%	+8,286	+9.0%
Asia	14,618	13.5%	10,537	9.3%	(4,081)	(27.9)%
Other	1,292	1.2%	2,626	2.3%	+1,334	+103.3%
Total	107,963	100.0%	113,503	100.0%	+5,539	+5.1%





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Let me explain the performance by business and region. The Power Transmission Business has expanded its sales, driven by the increased sales of automotive parts and machine tool parts, as well as parts for the general industry and heavy industry.

The Facility & Equipment Business has steadily increased sales of facilities and equipment for the automotive, logistics, and food industries. Sales in the Industrial Materials Business remained at the same level as the previous fiscal year, partly due to the waning demand for care and hygiene-related products following the surge during the COVID-19 pandemic.

Consolidated Balance Sheet (Unit: Millions of Yen)

Consolidated Balance Sheet (Unit: Millions of yen)

Item	As of March 31, 2023	As of March 31, 2024	Increase (decrease)	Main factors
Assets				
Current assets	71,049	76,279	+5,229	Cash and deposits +3,927 Notes and accounts receivable - trade, and contract assets +2,200
Non-current assets	13,424	18,477	+5,052	
Total assets	84,474	94,756	+10,282	
Liabilities				
Current liabilities	47,730	50,080	+2,349	Notes and accounts payable - trade +2,362
Non-current liabilities	2,704	4,298	+1,594	
Total liabilities	50,434	54,379	+3,944	
Net assets				
Shareholders' equity	30,455	33,439	+2,983	Retained earnings +2,983
Accumulated other comprehensive income	3,350	6,694	+3,344	
Non-controlling interests	233	243	+9	
Total net assets	34,039	40,377	+6,337	
Total liabilities and net assets	84,474	94,756	+10,282	

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Let me explain the consolidated balance sheet. As of March 31, 2024, total assets amounted to ¥94,756 million, an increase of ¥10,282 million from the end of the previous fiscal year. The main factors contributing to this increase were the growth in cash and deposits as well as in trade receivables.

Liabilities increased by ¥3,944 million, while net assets increased by ¥6,337 million from the end of the previous fiscal year. As a result, the equity ratio remains high at 42.4%, indicating strong financial stability.

Cash Flow Statement (Unit: Millions of Yen)

Cash Flow Statement (Unit: Millions of yen)

Item	FYE March 2023	FYE March 2024	Main factors
Cash flows from operating activities	6,716	5,015	Profit before income taxes +5,761 Increase in trade payables +1,028 Income taxes paid (1,976)
Cash flows from investing activities	(461)	(69)	Purchase of non-current assets (500) Proceeds from sale of investment securities +461
Cash flows from financing activities	(971)	(1,077)	Decrease in dividends paid (1,013)
Effect of exchange rate change on cash and cash equivalents	40	59	
Net increase (decrease) in cash and cash equivalents	5,323	3,927	
Cash and cash equivalents at beginning of period	17,604	22,927	
Cash and cash equivalents at end of period	22,927	26,855	
Free cash flow	6,255	4,946	

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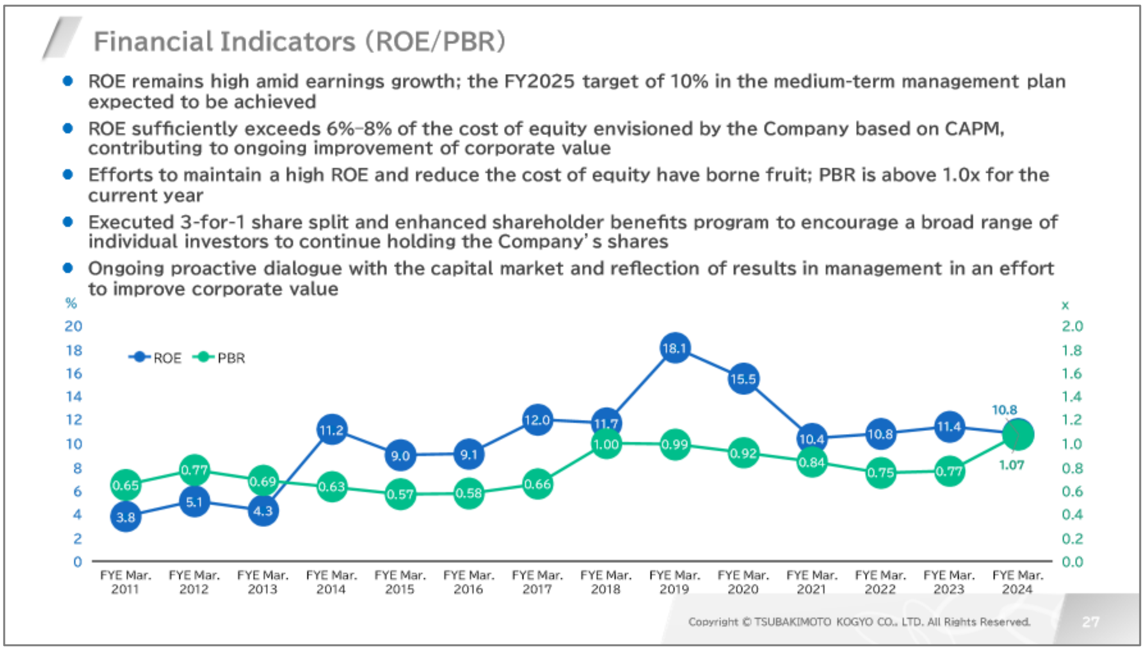
Here is the status of our cash flows. Net cash provided by operating activities amounted to ¥5,015 million, mainly attributable to profit before income taxes and an increase in trade payables.

Net cash used in investing activities amounted to ¥69 million, mainly attributable to purchase of non-current assets of ¥500 million, and proceeds from sale of investment securities of ¥461 million.

Net cash used in financing activities amounted to ¥1,077 million, mainly attributable to dividends paid.

As a result, cash and cash equivalents at the end of the current fiscal year increased by ¥3,927 million from the end of the previous fiscal year to ¥26,855 million.

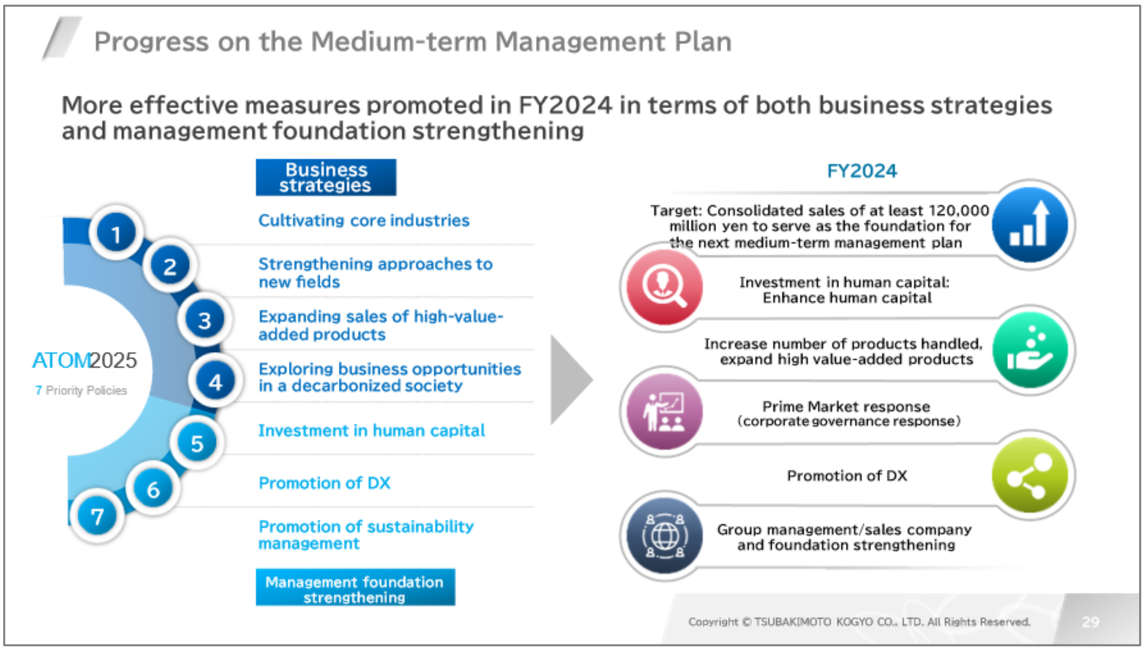
Financial Indicators (ROE/PBR)



This is the trend of our financial indicators. Our Return on Equity (ROE) has consistently met our target of 10.0%, exceeding the cost of shareholders' equity as recognized by the Company. However, the Price-to-Book Ratio (PBR) only exceeded 1.0x during the current fiscal year.

To further enhance our corporate value, we will focus on maintaining a high level of ROE while strengthening investor relations (IR), improving shareholder returns, and increasing capital efficiency.

Progress on the Medium-term Management Plan

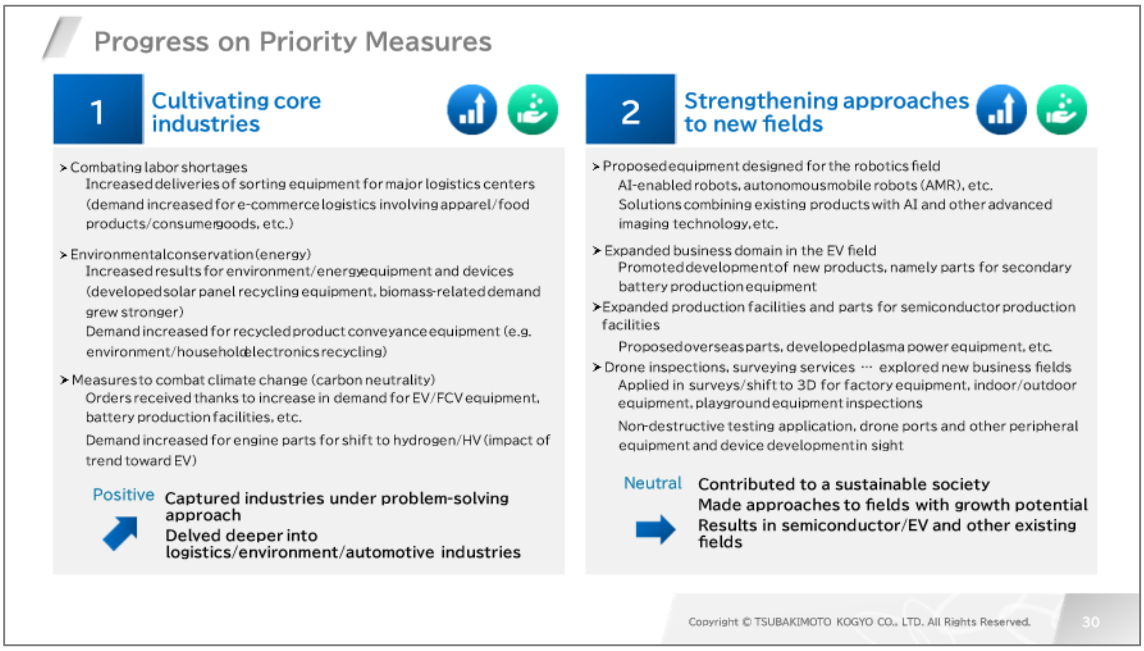


Koda: I will now explain the progress on the Medium-term Management Plan, “ATOM2025,” announced last year, as well as the consolidated financial performance plan for the fiscal year ending March 31, 2025.

In the new Medium-term Management Plan, we have formulated key measures from both the perspectives of business strategies and the strengthening of the management foundation, and have been promoting them over the past year. Based on this review, we have set key priorities for this fiscal year.

The most critical issue is human capital. In particular, we will promote various initiatives, including the revamping of our personnel system to enhance our human resources. Additionally, we will lay the groundwork for exceeding ¥120,000 million in net sales by reinforcing our group management through strengthening the foundation of product development and sales companies.

Progress on Priority Measures



Let me explain the progress on priority measures.

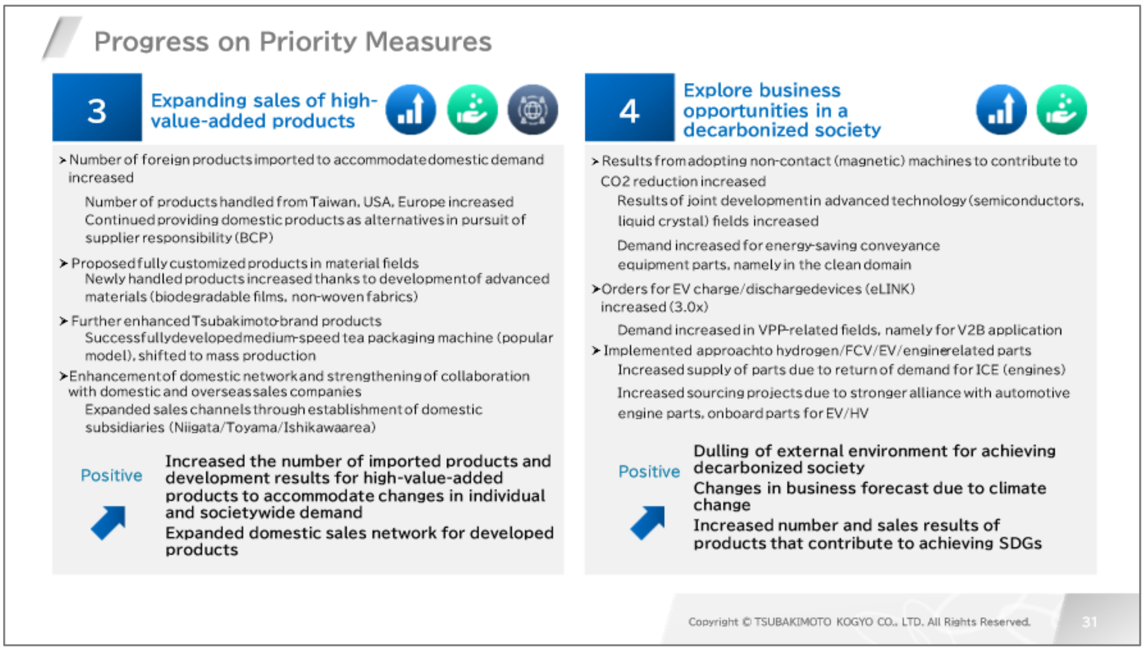
First, regarding “cultivating core industries,” the increasing demand for automation due to labor shortages has led to significant growth in our performance in the logistics, food, and automotive industries. Additionally, the demand for parts and equipment necessary for investments in environmental conservation and measures to combat climate change has also expanded, including the development of new projects.

We believe that our penetration into the logistics, environmental, and automotive industries has advanced further by adopting a problem-solving approach to capture these industries.

Second, regarding “strengthening approaches to new fields,” we have been advancing our approach to new business fields, with a focus on semiconductor production facilities, robotics, and electric vehicle (EV) fields, which are positioned as the fields with significant growth potential.

However, our achievements are currently limited to existing fields. Recognizing this as a critical issue for the current fiscal year, we will accelerate our approaches to new fields with a sense of urgency.

Progress on Priority Measures



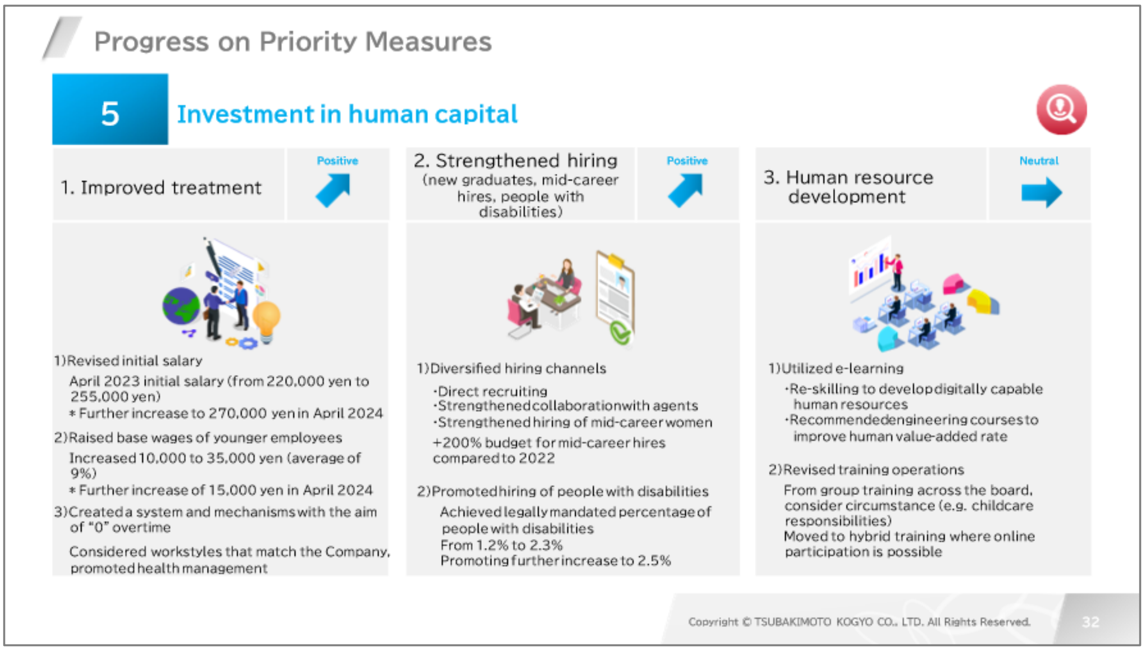
Third, regarding “expanding sales of high-value-added products,” amid difficulties in procuring Japanese-made control devices due to the semiconductor shortage, we have fulfilled our supply responsibilities by importing alternative products for specific applications. Simultaneously, we have expanded our product lineup by importing high-quality products from Europe and other regions.

Furthermore, we have successfully developed advanced materials and high-value-added products under Tsubakimoto brand to meet societal demands, and have introduced them to the market.

Fourth, regarding “exploring business opportunities in a decarbonized society,” we are focusing on expanding products that contribute to the achievement of the SDGs including the reduction of CO_2. Non-contact machines utilizing powerful magnets have seen success particularly in advanced technology fields such as the LED field.

Additionally, EV charge/discharge devices, “eLINK,” developed through joint collaboration, is gradually seeing growing demand. Furthermore, in the automotive field, the demand for onboard parts for EVs and hybrid vehicles (HVs) is expanding.

Progress on Priority Measures



Let me explain the progress in strengthening our management foundation.

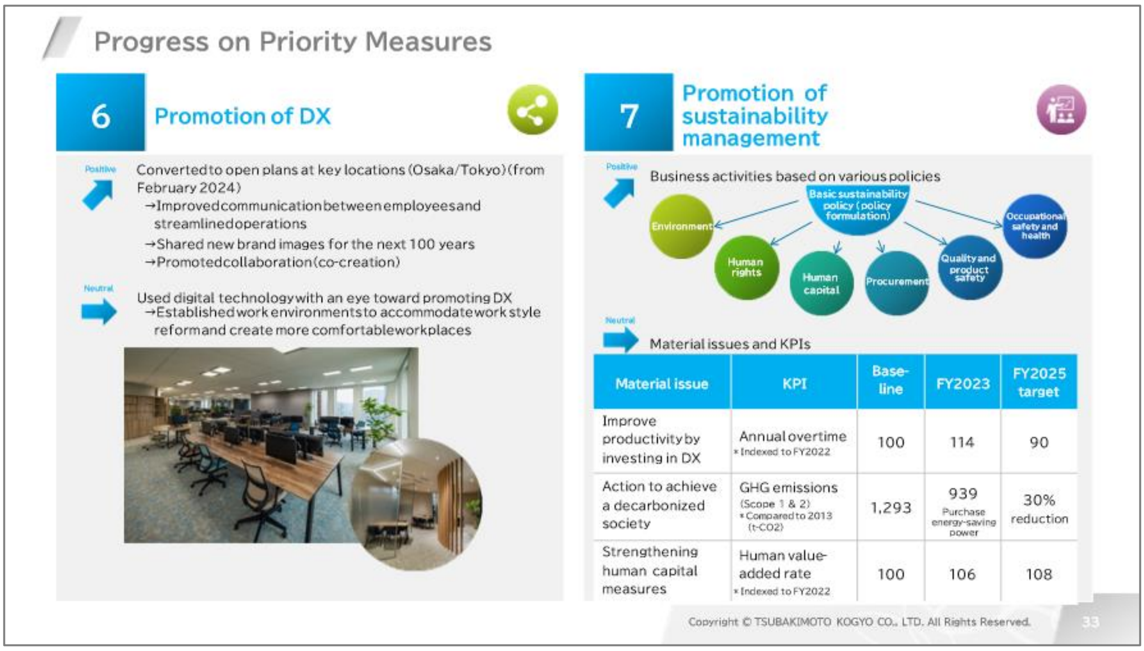
The first area is "investment in human capital." Over the past year, we have focused on improving treatment, revising initial salary for the second consecutive year, and raising the base wages for younger employees. As a result, the overall company-wide wage increase rate is 4.4%, while the rate for employees equivalent to union members is 6.0%.

Although current overtime hours are on an upward trend, we are committed to exploring ways to reduce overtime to zero in the future by promoting work style reforms and health management.

Regarding the strengthening of hiring, we have secured the necessary human resources by implementing year-round hiring of new graduates and mid-career hires. Additionally, we are close to achieving the legally mandated percentage of people with disabilities.

In terms of human resource development, we are reviewing our existing training programs, leveraging e-learning to facilitate reskilling, including the development of digitally capable human resources. Moving forward, we will continue to promote human capital management, aligning our human resource management with the demands of the times and refreshing our human resource system to suit the future of the Company.

Progress on Priority Measures



Regarding the "promotion of digital transformation (DX)," as part of this initiative, we have converted to open plans at our Osaka Headquarters and Tokyo Headquarters. We are improving operational efficiency by materializing a paperless environment, enhancing communication, and utilizing digital technologies.

At the same time, we believe this has led to the establishment of work environments that accommodate workstyle reforms and create more comfortable workplaces. Moving forward, we will further promote our DX initiatives.

Regarding the "promotion of sustainability management," we established various policies in accordance with our basic sustainability policy at the time of formulating the Medium-term Management Plan. In addition, we have set key performance indicators (KPIs) related to material issues.

While greenhouse gas (GHG) emissions and the human value-added rate have been progressing smoothly, the annual overtime hours have increased compared to the previous fiscal year due to temporary external factors, etc.

Financial and Non-financial Targets Through the Years

Financial and Non-financial Targets Through the Years

	FY2022 (actual)	FY2023 (actual)	FY2025 (target)
Ordinary profit (millions of yen) *1	4,472	5,379	5,300
ROE (%) *1*2	9%	10%	10%
Human value-added rate *3*4	100	106	108
People with special qualifications *3*5*6	100	101	105
Percentage of female employees (%) *5	5%	6%	8%
Percentage of male employees taking childcare leave (%) *5	82%	71%	100%

*1 Excluding special factors (e.g. transient effects)
*2 Profit attributable to owners of parent / Equity capital
*3 Indicators indexed to FY2022
*4 Calculated by dividing value-added (gross profit) by labor expenses
*5 Figures for TSUBAKIMOTO KOGYO CO., LTD. apart from the Group
*6 Number of people with managing engineer qualifications

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This is the progress on the financial and non-financial targets in the Medium-term Management Plan. Ordinary profit reached ¥5,400 million, and ROE was 10.0%. These figures exclude any one-time effects or special factors.

We exceeded our targets, as a result of steadily advancing the business strategies outlined in the Medium-term Management Plan and actively investing in strengthening our management foundation. We will continue to maintain a high level of ROE moving forward.

The human value-added rate, a non-financial target, increased by 6 points due to a significant rise in profits that outpaced personnel expenses. Additionally, the number of people with special qualifications, a unique indicator for the Company, also increased through mid-career hires and other efforts.

Regarding the percentage of female employees in career-track positions and the percentage of male employees taking childcare leave, which are indicators related to human capital, we will aim to achieve these targets by the final year of the Medium-term Management Plan by continuing to pursue diversified hiring and management training programs.

Outlook for the Fiscal Year Ending March 2025

Outlook for the Fiscal Year Ending March 2025

(Unit: Millions of yen)	FYE March 2024 (actual)	FYE March 2025 (projected)	Year-on-year Increase (decrease)	Year-on-year Percentage
Net sales	113,503	116,000	+2,496	+2.2%
Operating profit	5,233	5,500	+266	+5.1%
Operating profit margin	4.6%	4.7%	-	-
Ordinary profit	5,577	5,900	+322	+5.8%
Ordinary profit margin	4.9%	5.1%	-	-
Profit attributable to owners of parent	4,000	3,900	(100)	(2.5)%
Basic earnings per share (yen)	212.90	207.54	(5.36)	(2.5)%

* Basic earnings per share calculated after 3-for-1 share split executed on April 1, 2024.

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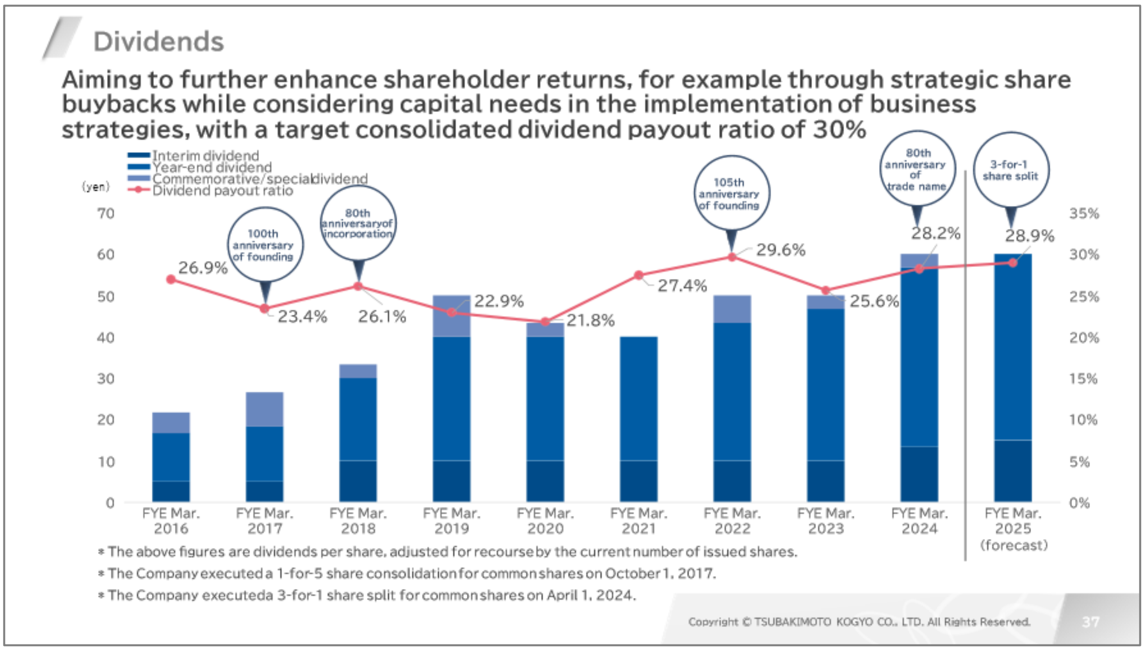
I will now explain the outlook for the fiscal year ending March 31, 2025, the second year of the Medium-term Management Plan. We anticipate that the overall economy will remain unstable due to increasing geopolitical risks and ongoing inflation. However, the Company holds a record-high order backlog even in this challenging environment.

After comprehensively assessing factors such as scheduled delivery dates, we have set our full-year outlook at ¥116,000 million in net sales and ¥5,900 million in ordinary profit. The plan considers factors such as revenue recognition based on the progress of new large-scale projects secured in the previous fiscal year and renovation costs of offices associated with the promotion of our DX initiatives.

To achieve our full-year plan of increased sales and profit, we will ensure the steady and reliable delivery of secured orders. Simultaneously, we will work on expanding our performance through proactive sales activities tailored to regional characteristics and optimized proposals that align with industry specifics.

Dividends



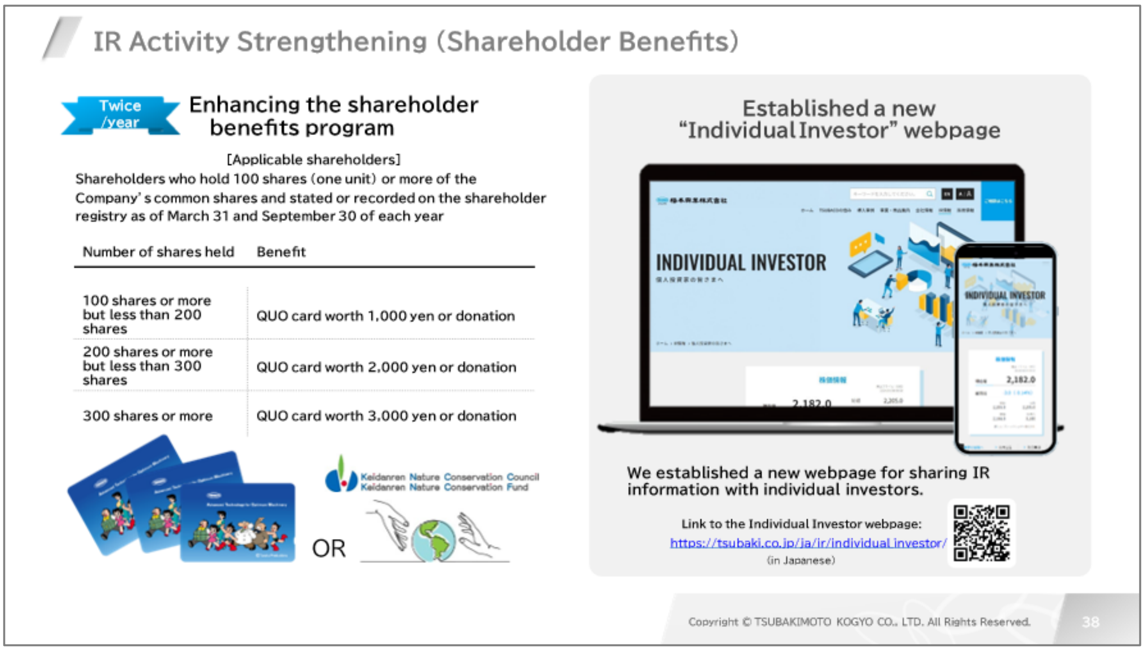
Let me explain the dividends. We conducted a share split on April 1, 2024. The graph on the slide shows the figures adjusted retroactively based on the post-split basis for easier comparison across periods. However, the dividend for the fiscal year ended March 31, 2024 will be explained based on the actual amount.

The year-end dividend was increased by ¥20 for a regular dividend of ¥130 per share. Additionally, we decided to add a commemorative dividend of ¥10, commemorating the 80th anniversary of the commencement of the Company's trade name. As a result, the annual dividend, including the interim dividend of ¥40, amounts to ¥180 per share, representing an increase of ¥30 from the previous fiscal year.

For the fiscal year ending March 31, 2025, we plan to distribute an interim dividend of ¥15 and a year-end dividend of ¥45, totaling ¥60 for the year, based on the post-split amount. This equates to ¥180 per share on a pre-split basis.

We are committed to maintaining a stable and continuous dividend policy, targeting a consolidated payout ratio of 30%, with dividends adjusted appropriately based on our earnings. Naturally, if our earnings exceed targets, we will actively work to return more to our shareholders.

IR Activity Strengthening (Shareholder Benefits)



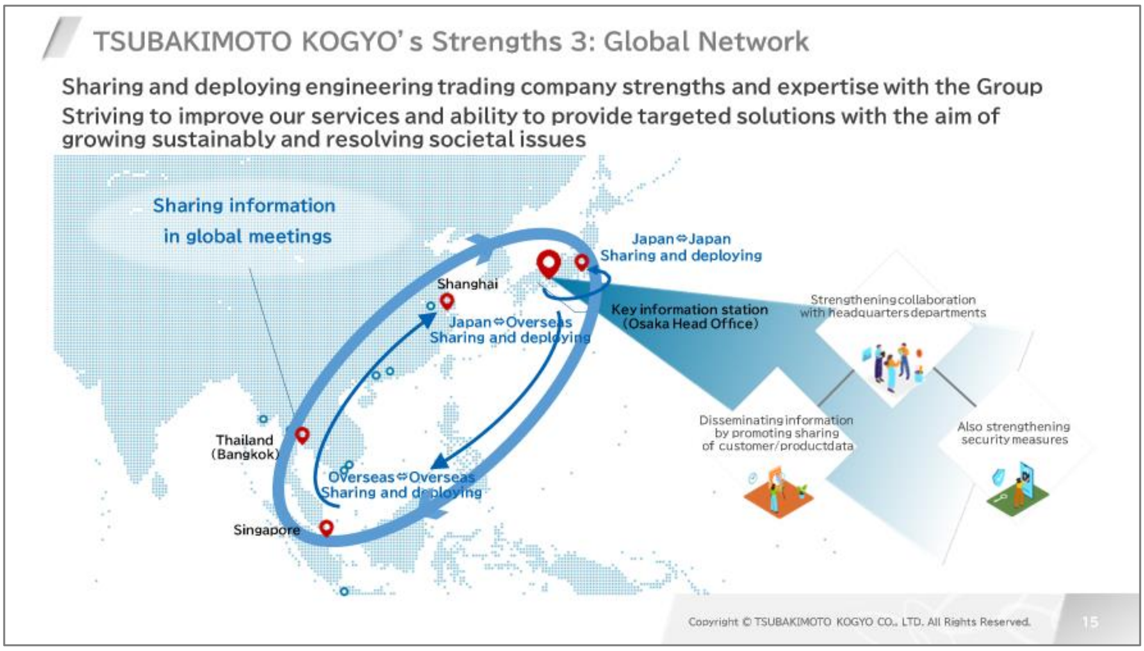
Let me explain shareholder benefits and IR activities in our shareholder return policy. We are committed to continuing the biannual shareholder benefits program as a way to express our gratitude for the ongoing support of our shareholders, to enhance the attractiveness of investing in the Company, and to encourage more individuals to hold our shares.

For the shareholder benefits based on the end of March 2024, the benefits will be provided according to the number of shares held before the stock split. After the stock split, we have decided to maintain the current shareholder benefits program's eligibility criteria and benefits, with the aim of expanding our shareholder base. Going forward, shareholders holding 100 shares or more will be eligible for biannual benefits.

Additionally, to help individual investors better understand the Company and find it more attractive, we have established a new webpage in IR information section on our website. We encourage you to visit the "INDIVIDUAL INVESTOR" webpage.（in Japanese）

That concludes our presentation. Thank you very much for watching TSUBAKIMOTO KOGYO CO., LTD.'s financial results briefing for the fiscal year ended March 31, 2024.

Q&A: Initiatives in Overseas Business and the Ratio of Overseas Sales



Moderator: Please explain the initiatives in your overseas business and the ratio of overseas sales. Do you plan to increase your overseas sales in the future?

Koda: Regarding our overseas business, we aim to provide the same level of service and support as we do domestically. Additionally, we aim to expand not only export-related activities but also imports, particularly from Taiwan, the U.S., the U.K., and Europe. We believe that increasing overseas sales will be essential in the future.

Currently, the ratio of overseas sales is 11.6%, and the ratio of consolidated overseas sales is 7.1%. Ultimately, we aim to increase this ratio to 20.0%.

Q&A: Revision of Performance Targets

Financial and Non-financial Targets Through the Years

	FY2022 (actual)	FY2023 (actual)	FY2025 (target)
Ordinary profit (millions of yen)*1	4,472	5,379	5,300
ROE (%) *1*2	9%	10%	10%
Human value-added rate *3*4	100	106	108
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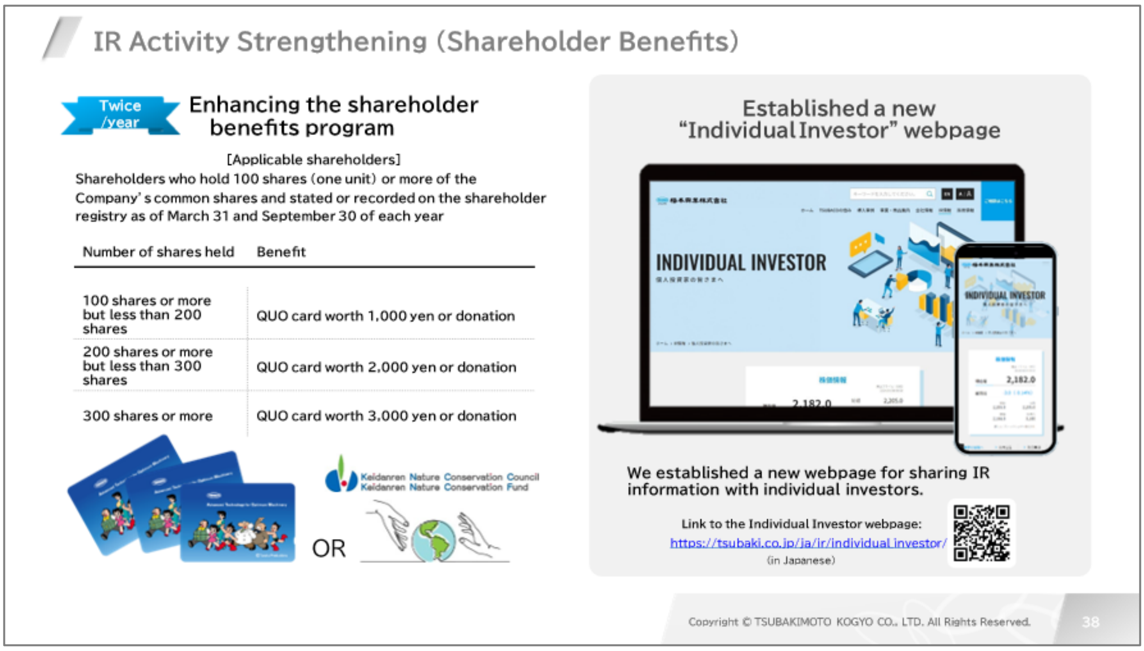
*3 Indicators indexed to FY2022
*4 Calculated by dividing value-added (gross profit) by labor expenses
*5 Figures for TSUBAKIMOTOKOGYO CO., LTD. apart from the Group
*6 Number of people with managing engineer qualifications

Moderator: It seems that you have achieved the performance targets of the Medium-term Management Plan in the first year. Are you considering revising the numerical targets? Please explain your outlook on future performance.

Koda: At the start of our next Medium-term Management Plan, which coincides with our 110th anniversary, we envision exceeding ¥120,000 million in net sales and ¥6,000 million in ordinary profit.

Considering the current economic uncertainty, we do not plan to revise the targets at this stage. However, if the performance trends for the current fiscal year and the next indicate that we will surpass our expectations, we will consider upward revisions.

Q&A: Shareholder Benefits After Share Split



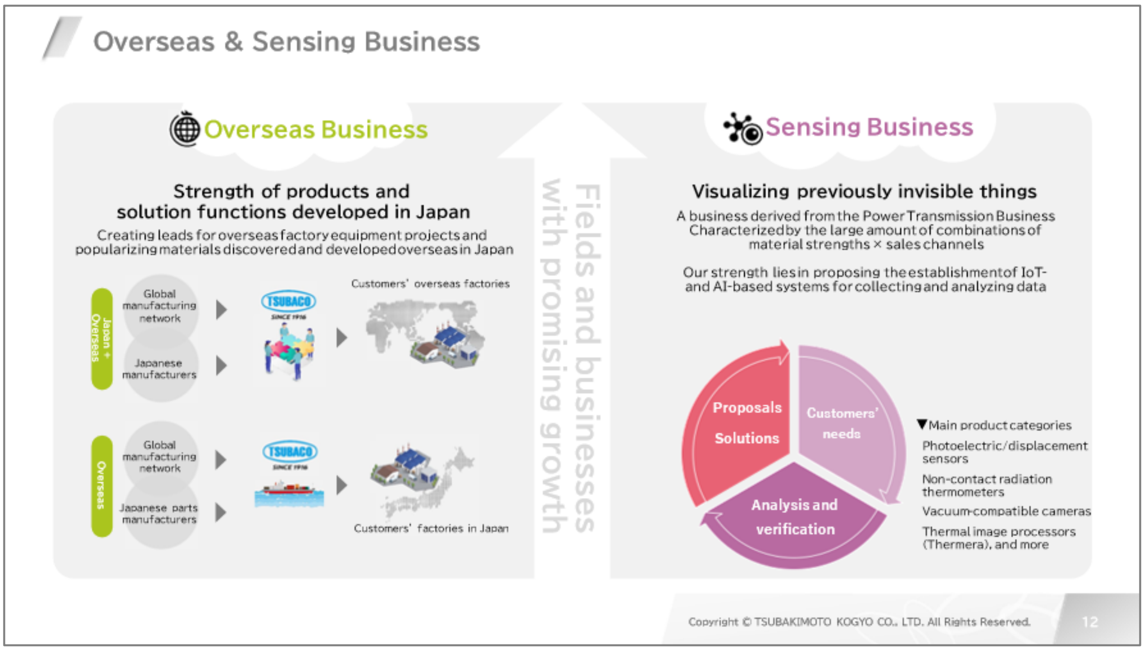
Moderator: Please explain in detail the shareholder benefits after the share split.

Kasugabe: We conducted a 3-for-1 share split on April 1, 2024. By lowering the investment amount, we believe this creates a more accessible environment for individual investors, which in turn will help improve the liquidity of our shares.

Regarding shareholder benefits, before the split, shareholders who held 100 shares were given a QUO card worth ¥1,000 twice a year. After the split, with the number of shares held tripling to 300 shares, the benefit will be adjusted to ¥3,000, given twice a year.

By maintaining the benefit structure, shareholders who newly acquire 100 shares will also be eligible for the benefits, which in effect expands the scope of the program.

Q&A: Impact of Exchange Rates and Profitability of Overseas Products Amid the Yen's Depreciation

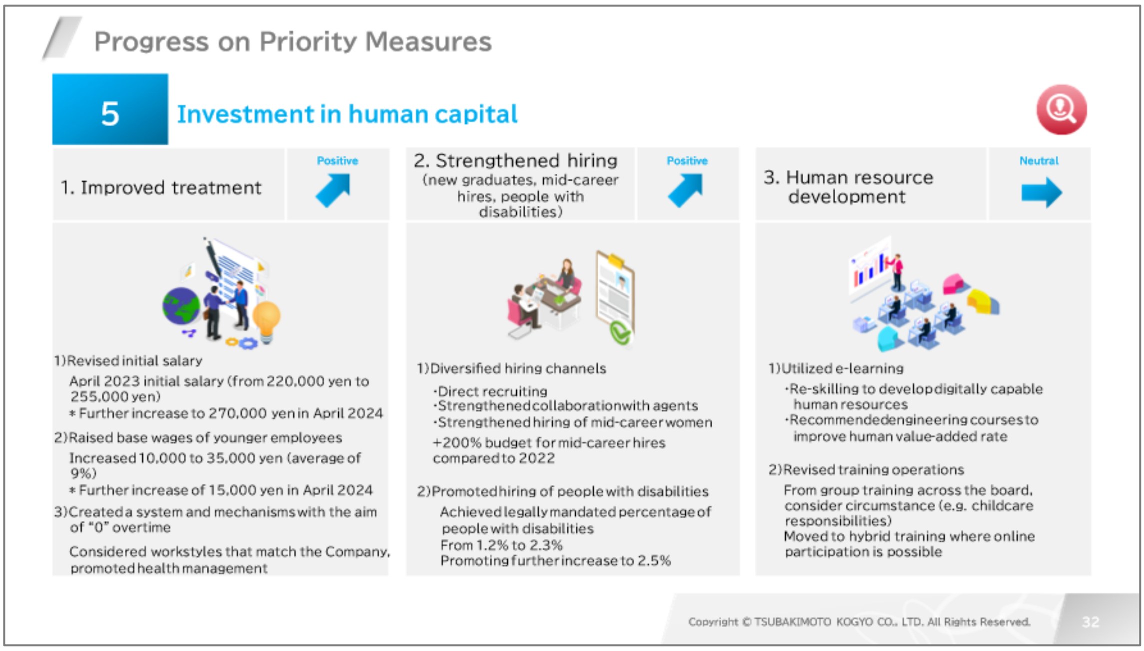


Moderator: Please explain how we should understand the impact of exchange rate and profitability of overseas products amid the yen's depreciation.

Koda: Most of our foreign transactions are conducted in yen, so we are not directly affected by currency fluctuations. We handle each transaction carefully through currency hedging and other measures, which also minimizes any significant impact.

However, if our domestic or international customers are engaged in businesses that are affected by exchange rate fluctuations, we may be indirectly impacted by the deterioration of their performance.

Q&A: Securing and Developing Human Resources

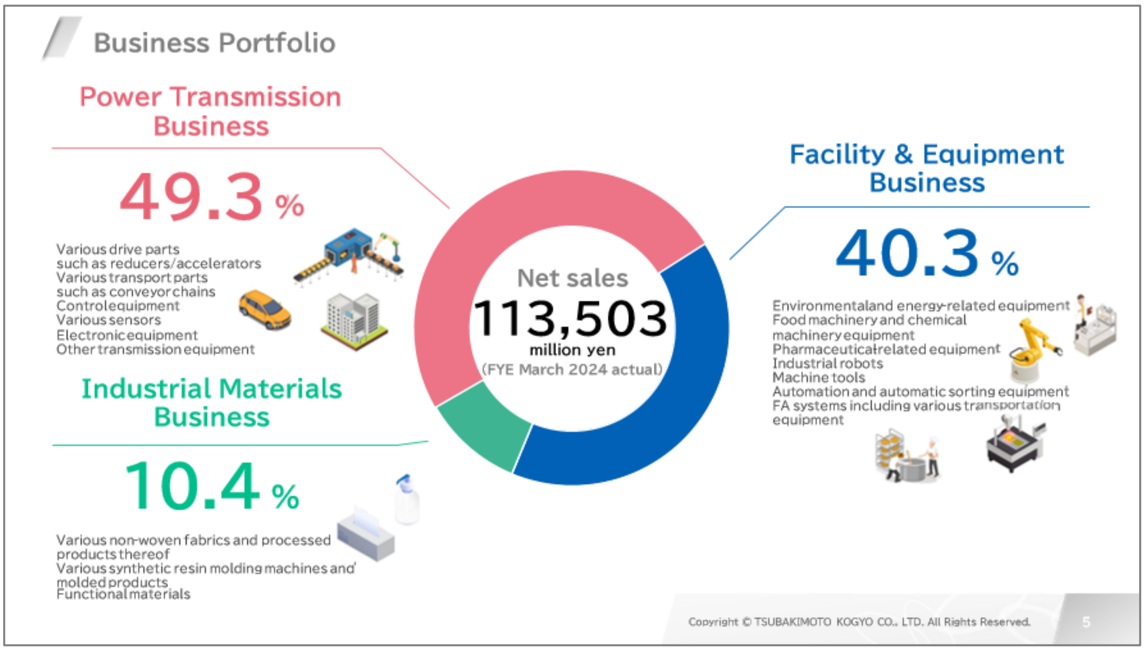


Moderator: Please explain how you secure and develop human resources, particularly your specific initiatives for developing digitally capable human resources.

Kasugabe: To strengthen our competitiveness and improve productivity, we believe that it is crucial to enhance each employee's capabilities and enable them to maximize their potential, in addition to hiring diverse and talented human resources.

Therefore, in order to hire diverse human resources including female employees in career-track positions, we are diversifying our hiring methods, focusing on year-round hiring of new graduates and mid-career hires. Additionally, we have introduced a reskilling program to help employees in each department acquire the necessary skills. We will strive to develop human resources capable of driving our DX initiatives.

Q&A: Differentiation from Competitors in the Same Industry



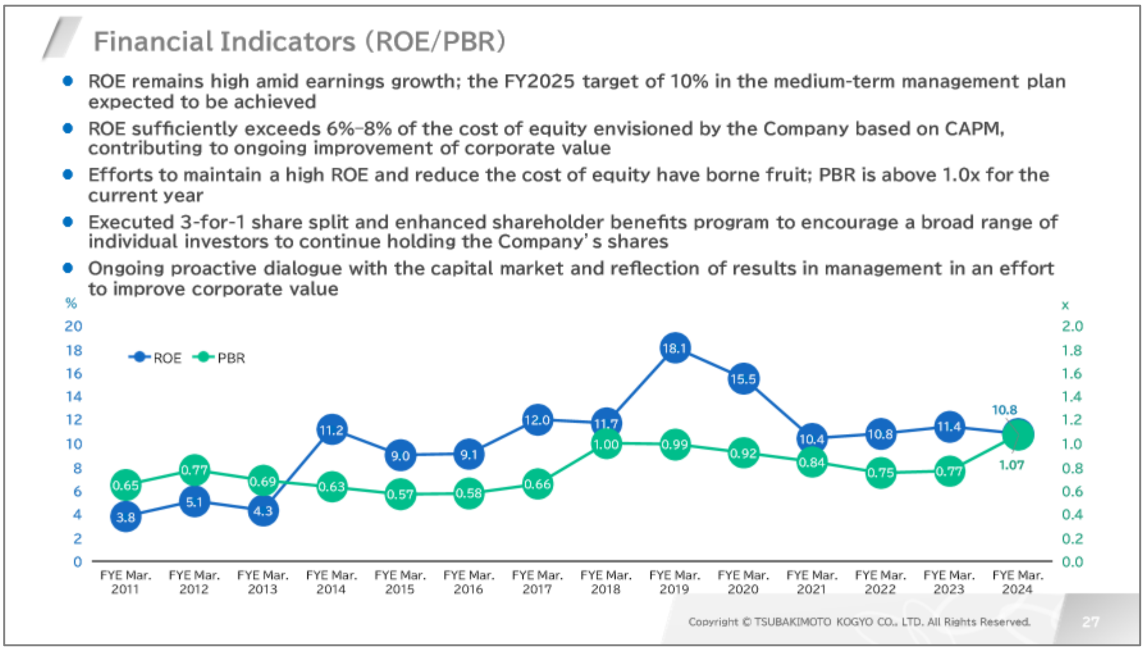
Moderator: You mentioned the strengths of each business in your portfolio. Please also explain how you differentiate yourself from competitors in the same industry.

Koda: We believe that the Company, with its strong engineering capabilities, is relatively unique among machinery trading companies. Our business is broadly divided into three areas. The first is the Power Transmission Business, where we leverage our brand power, trading company capabilities, and sales channels to conduct our business.

In the second area, the Facility & Equipment Business, we have unique Engineering Department and Construction Management Department that other companies do not possess, enabling us to make technical proposals by leveraging these strengths. In the third area, the Industrial Materials Business, we conduct business characterized by development tailored to customer needs, based on the experience and achievements we have accumulated over many years.

These characteristics make us more akin to a manufacturer rather than a specialized machinery trading company, which we believe significantly differentiates us from our competitors.

Q&A: Current Share Price and PBR



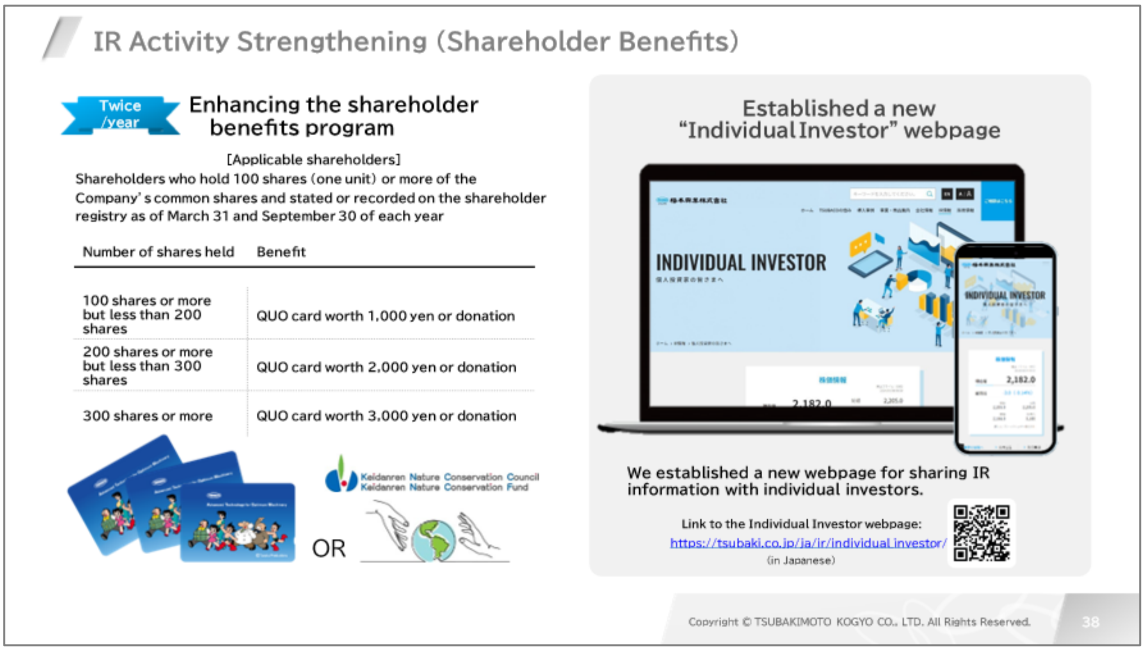
Moderator: What is your analysis on the current share price and PBR?

Kasugabe: Our PBR exceeded 1x, reaching 1.07x at the end of 2023. However, the average PBR over the past five years has been 0.87x, which is below 1x.

We believe that, while our current profitability is sufficient, the market is not fully trusting or recognizing that this profitability can be sustained over the long term and lead to future growth. Additionally, we have analyzed that our disclosures and information dissemination have not yet been sufficient to gain market recognition as a growth story.

In light of these challenges, we aim to maintain a high ROE by enhancing our profitability, with the goal of increasing our share price, while also further strengthening our IR activities.

Q&A: Initiatives to Strengthen IR Activities



Moderator: Please explain the status of specific initiatives to strengthen IR activities, as well as your future plans.

Koda: Every year in May or June, we conduct a live webcast of our financial results briefing, targeting institutional investors, individual investors, and analysts.

Additionally, as part of our IR initiatives, we participate in digital presentations at an annual company briefing for individual investors and hold meetings with domestic and international institutional investors as needed.

Furthermore, we engage in proactive information disclosure, which includes enhancing our IR communications through our corporate website and enriching our IR-related materials. Moving forward, we plan to continue strengthening our IR activities and dialogue with shareholders, including the publication of an integrated report scheduled for the next fiscal year.