

Tsubakimoto Chain Co. FYE 2021 First Quarter Settlement of Accounts Presentation

<Agenda>

Presentation Contents	Presenters	Scheduled Time
<ul style="list-style-type: none">FYE 2021 First Quarter Results and Forecast	Yasushi Ohara President and COO Representative Director	30 minutes
<ul style="list-style-type: none">Q & A	President, Executive Officers in Charge of Business Operations and Financial Affairs	30 minutes

August 18, 2020

FYE 2021 First Quarter Consolidated Results

1. FYE 2021 Q1 Review Highlights of Consolidated Results

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- The substantial impact of the spread of COVID-19 resulted in a year-on-year decrease in sales and income.

(Yen, millions)

	FYE 2020	FYE 2021	YOY	
	1st Qtr	1st Qtr	Inc / Dec	
Net sales	55,894	40,829	-15,064	-27.0%
Operating income	3,659	1,169	-2,490	-68.1%
%	6.5%	2.9%	-3.6%	
Ordinary income	4,314	1,649	-2,664	-61.8%
Net income	3,201	1,211	-1,989	-62.2%
Net income per share	84.58 yen	32.74 yen		
(Exchange rates 1 USD)	109.90 yen	107.63 yen		
(Exchange rates 1 EUR)	123.50 yen	118.59 yen		
(Exchange rates 1 RMB)	16.32 yen	15.59 yen		

2. FYE 2021 Q1 Review Breakdown by Operations

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- Sales fell in the Chain and PTUC operations, but managed to remain profitable. The Automotive Parts and Materials Handling Systems operations posted losses, due to being heavily impacted by lockdowns and other measures to curb the spread of COVID-19.

(Yen, millions)

		FYE 2020	FYE 2021	YOY	
		1st Qtr	1st Qtr	Inc / Dec	
Chain	Net sales ^{*1}	17,070	14,640	-2,430	- 14.2%
	Operating income	2,067	1,594	-472	- 22.9%
	%	12.1%	10.9%		
Power Transmission Units and Components	Net sales ^{*1}	6,067	4,533	-1,533	- 25.3%
	Operating income	656	202	-454	- 69.2%
	%	10.8%	4.5%		
Automotive Parts	Net sales ^{*1}	18,393	10,450	-7,942	- 43.2%
	Operating income	1,718	-172	-1,891	—
	%	9.3%	—		
Materials Handling Systems	Net sales ^{*1}	14,351	10,993	-3,357	- 23.4%
	Operating income	-400	-201	198	—
	%	—	—		
Other ^{*2}	Net sales ^{*1}	998	881	-117	- 11.7%
	Operating income	-26	-91	-65	—
	%	—	—		

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

*2: "Other" is not a reportable segment.

FYE 2021 Consolidated Forecast

3. FYE 2021 Full Year Results Forecast

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- Although we expect a gradual pickup from the second half of the fiscal year, the demand will not be rapid enough to offset the decrease in sales and income in the first half. As a result, we forecast a decrease in sales and income for the full year.

(Yen, millions)

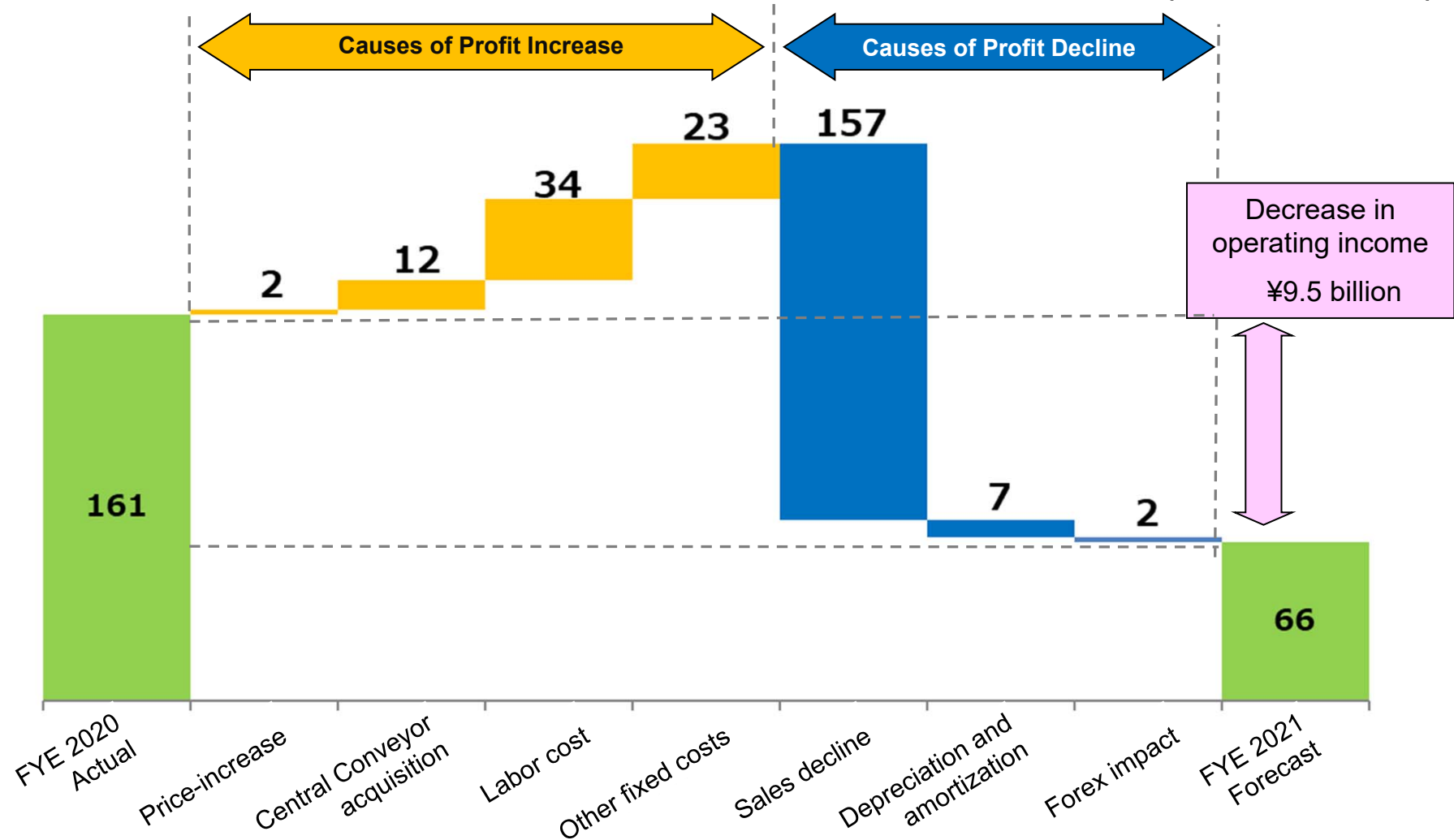
	FYE 2020 (Actual)	FYE 2021 (Forecast)			YOY
	Full year	1st half	2nd half	Full year	Inc / Dec
Net sales	226,423	88,000	102,500	190,500	- 15.9%
Operating income	16,146	1,900	4,700	6,600	- 59.1%
%	7.1%	2.2%	4.6%	3.5%	
Ordinary income	16,698	2,700	4,700	7,400	- 55.7%
Net income	11,576	1,700	3,600	5,300	- 54.2%
Net income per share	308.71 yen	45.94 yen	97.27 yen	143.21 yen	—
(Exchange rates 1 US\$)	108.71 yen			105.00 yen	—
(Exchange rates 1 EUR)	120.81 yen			116.00 yen	—
(Exchange rates 1 RMB)	15.77 yen			15.00 yen	—

4. FYE 2021

Analysis of Inc / Dec in Consolidated Operating Income ⁶

■ FYE 2020 Results vs. FYE 2021 Forecast

(Unit: ¥100 million)



5. FYE 2021 Forecast by Operation

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(Yen, millions)

		FYE 2020 (Actual)	FYE 2021 (Forecast)			YOY
		Full year	1st half	2nd half	Full year	Inc / Dec
Chain	Net sales ^{*1}	67,526	28,000	30,200	58,200	- 13.8%
	Operating income	8,406	2,340	2,560	4,900	- 41.7%
	%	12.4%	8.4%	8.5%	8.4%	
Power Transmission Units and Components	Net sales ^{*1}	23,813	9,000	9,700	18,700	- 21.5%
	Operating income	2,189	330	490	820	- 62.5%
	%	9.2%	3.7%	5.1%	4.4%	
Automotive Parts	Net sales ^{*1}	70,949	22,400	28,800	51,200	- 27.8%
	Operating income	5,791	-550	2,070	1,520	- 73.8%
	%	8.2%	—	7.2%	3.0%	
Materials Handling Systems	Net sales ^{*1}	64,212	27,900	33,600	61,500	- 4.2%
	Operating income	647	420	330	750	15.9%
	%	1.0%	1.5%	1.0%	1.2%	
Other ^{*2}	Net sales ^{*1}	3,542	1,700	1,900	3,600	1.6%
	Operating income	20	-200	-260	-460	—
	%	0.6%	—	—	—	

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

*2: "Other" is not a reportable segment.

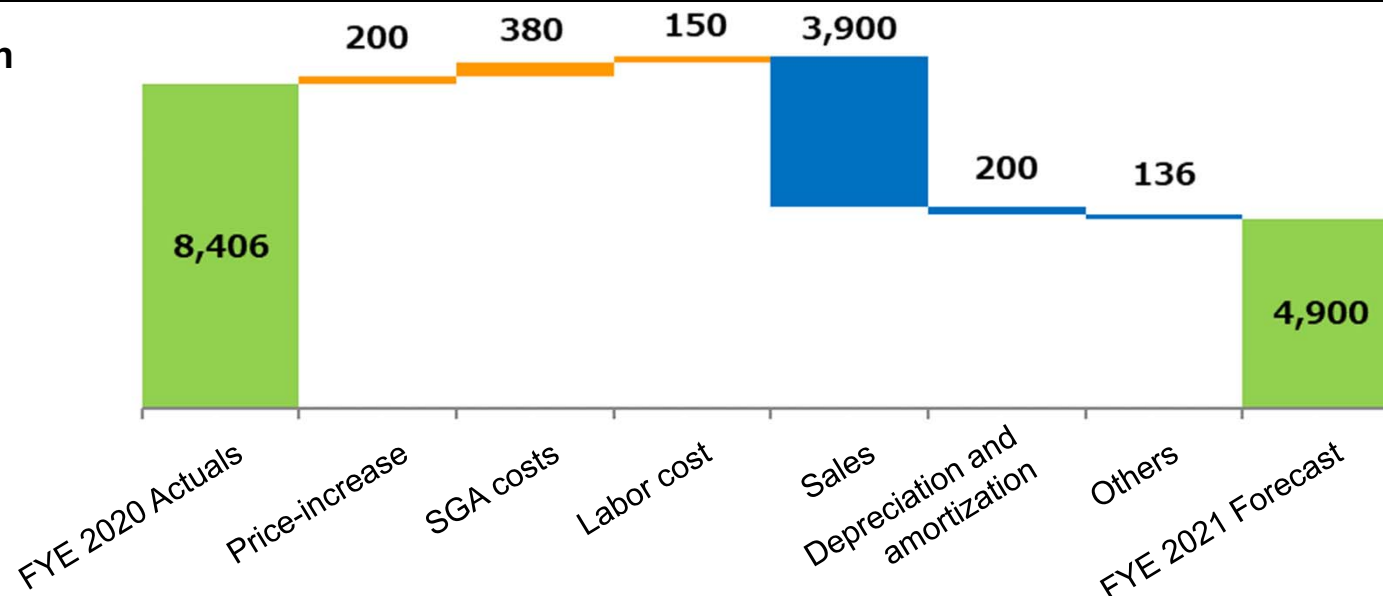
5. FYE 2021 Chain Operations Forecast

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

(Yen, millions)

		FYE 2020 (actual)			FYE 2021 (forecast)			YOY
		1st half	2nd half	Full year	1st half	2nd half	Full year	Inc / Dec
Chain	Net sales ^{*1}	34,111	33,415	67,526	28,000	30,200	58,200	- 13.8%
	Operating income	4,291	4,115	8,406	2,340	2,560	4,900	- 41.7%
	%	12.6%	12.3%	12.4%	8.4%	8.5%	8.4%	

Causes of change in operating income



- Japan: The first quarter saw a last-minute rush of demand prior to price increases, but curtailment in investments in steel, automotive-related and other areas means there will likely prevent any substantial improvement in orders from the second half of the fiscal year as well. Subsequently, we forecast a decline in sales and income.
 - Americas: Although first quarter results were strong backed by a rally in distributor orders during the fourth quarter of the previous fiscal year, there is growing uncertainty over business prospects as COVID-19 continues to spread. We anticipate that business conditions will be more severe from now on than in the first quarter, and so we forecast a decline in sales and income.
- The overall forecast is a decrease in sales and income.

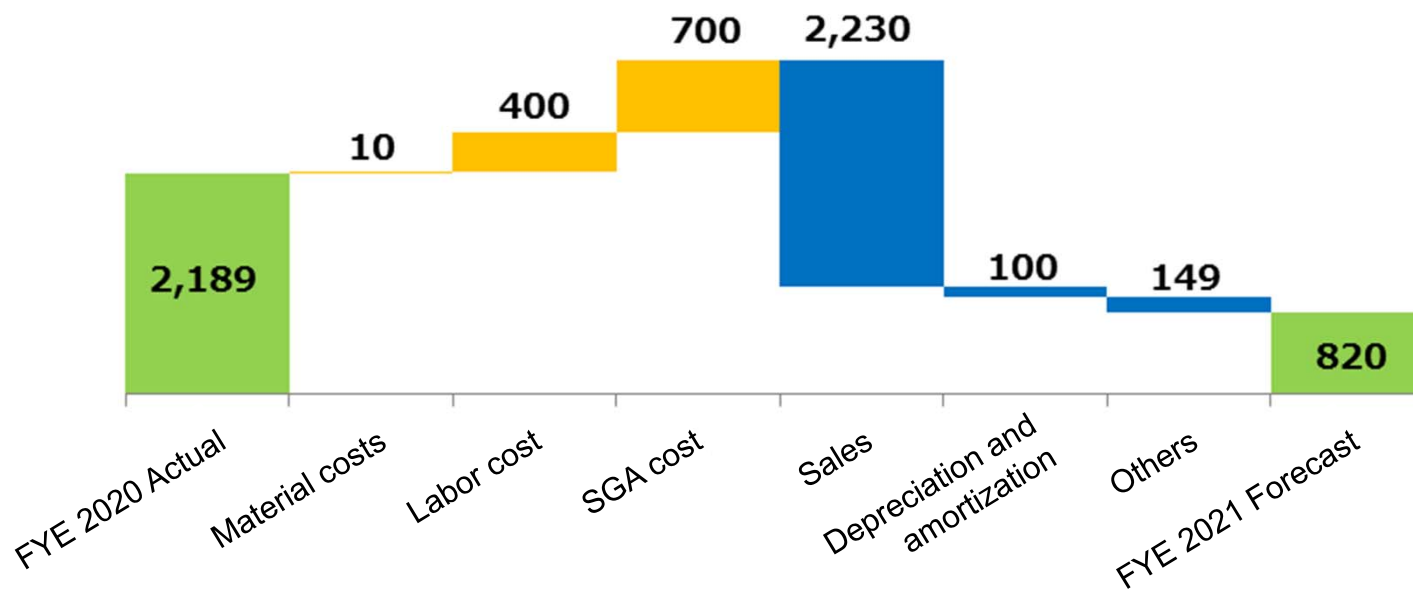
5. FYE 2021 PTUC Operations Forecast

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

(Yen, millions)

		FYE 2020 (actual)			FYE 2021 (forecast)			YOY
		1st half	2nd half	Full year	1st half	2nd half	Full year	Inc / Dec
Power Transmission Units and Components	Net sales ^{*1}	12,059	11,754	23,813	9,000	9,700	18,700	- 21.5%
	Operating income	1,104	1,085	2,189	330	490	820	- 62.5%
	%	9.2%	9.2%	9.2%	3.7%	5.1%	4.4%	

Causes of change in operating income



- Japan: Although we anticipate a gentle recovery from the third quarter onwards, demand will likely not return to pre-COVID-19 levels; as a result, we forecast a substantial decline in sales and income.
 - Indian Ocean Rim: The prolonged lockdown in India is causing a sustained slump in sales of motorcycle cam clutches; subsequently, we forecast a decrease in sales and income.
- The overall forecast is a decrease in sales and income.

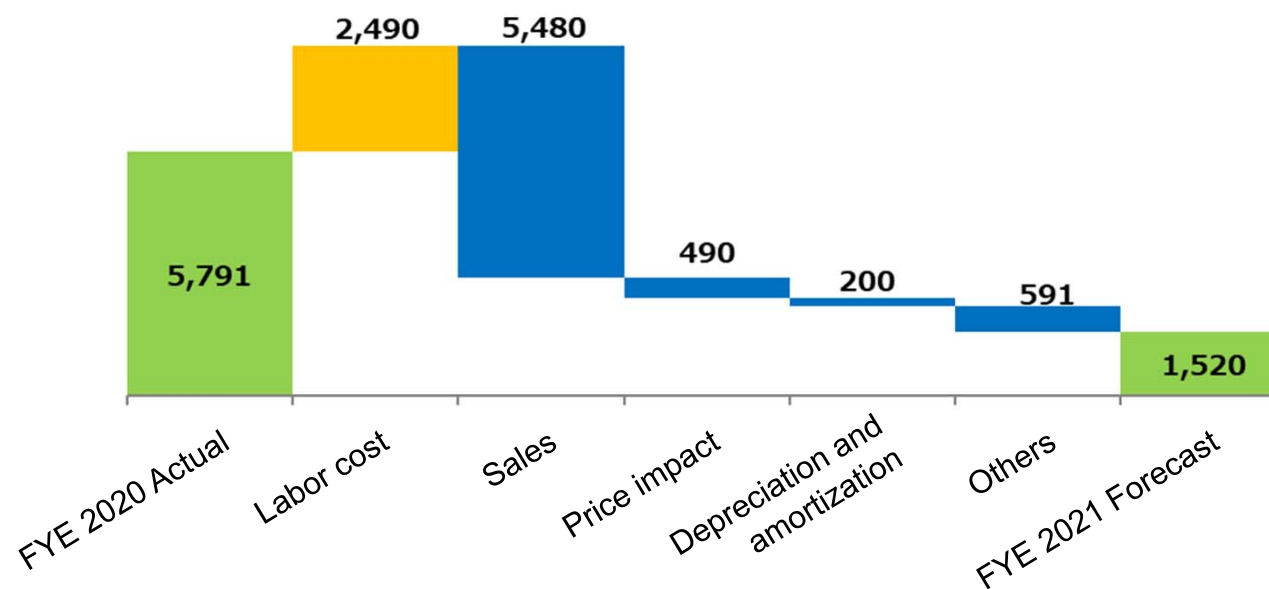
5. FYE 2021 Automotive Parts Operations Forecast

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

(Yen, millions)

		FYE 2020 (actual)			FYE 2021 (forecast)			YOY
		1st half	2nd half	Full year	1st half	2nd half	Full year	Inc / Dec
Automotive Parts	Net sales *1	36,353	34,596	70,949	22,400	28,800	51,200	- 27.8%
	Operating income	2,826	2,965	5,791	▲ 550	2,070	1,520	- 73.8%
	%	7.8%	8.6%	8.2%	—	7.2%	3.0%	

Causes of change in operating income



- Japan: After bottoming out in the first quarter, demand is gradually recovering but likely not to pre-COVID-19 levels; therefore, we forecast a decline in sales and income.
 - Americas: Similar to Japan, the market is gradually recovering after hitting the bottom in the first quarter. However, the vehicle model mix has been deteriorating since before COVID-19, and so we forecast a decline in sales and income.
 - China: Despite a bottoming out and a rapid recovery both in the first quarter, we forecast the recovery will be mostly at FYE 2020 levels.
- The overall forecast is a decrease in sales and income.

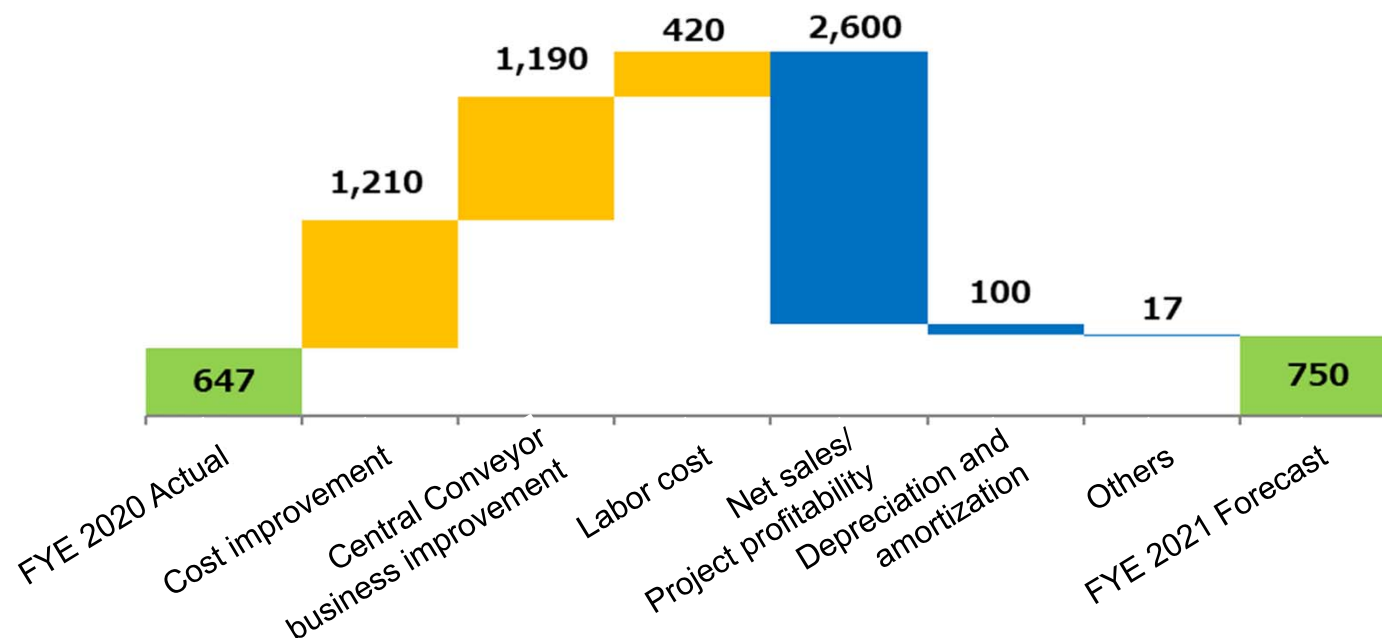
5. FYE 2021 Materials Handling Systems Operations Forecast 11

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

(Yen, millions)

		FYE 2020 (actual)			FYE 2021 (forecast)			YOY
		1st half	2nd half	Full year	1st half	2nd half	Full year	Inc / Dec
Materials Handling Systems	Net sales ^{*1}	31,750	32,462	64,212	27,900	33,600	61,500	- 4.2%
	Operating income	507	140	647	420	330	750	15.9%
	%	1.6%	0.4%	1.0%	1.5%	1.0%	1.2%	

Causes of change in operating income



- Japan: Sales of bulk conveyance equipment at subsidiaries remain strong. Although COVID-19 actually led to an increase in inquiries for automatic sorting machines for the distribution industry, net sales fell due to the timing of orders and the overall result was a decline in sales. Income also fell due to deteriorating project profitability.
 - Americas: Large projects for vehicle manufacturing plants contributed to an increase in sales, and a decline in construction costs incurred in the previous fiscal year and other factors resulted in an increase in income.
- The overall forecast is a decrease in sales and an increase in income.

■ Improving Profitability of the Mayfran Business in Europe

<Improving Profitability>

- Liquidation of unprofitable projects and optimization of staff allocation

<Future Growth Strategies and Current Trends>

- Simultaneous launch of the new product **Clean Sweep GII** in Japan, the Americas and Europe
 - Joint development by three operating bases in Japan, the Americas and Europe will enable the effective use of limited development personnel.
 - Conduct field tests and other activities at these three bases, and expand sales by exchanging information without any time discrepancies.



7. FYE 2021 Capital Investment and Depreciation

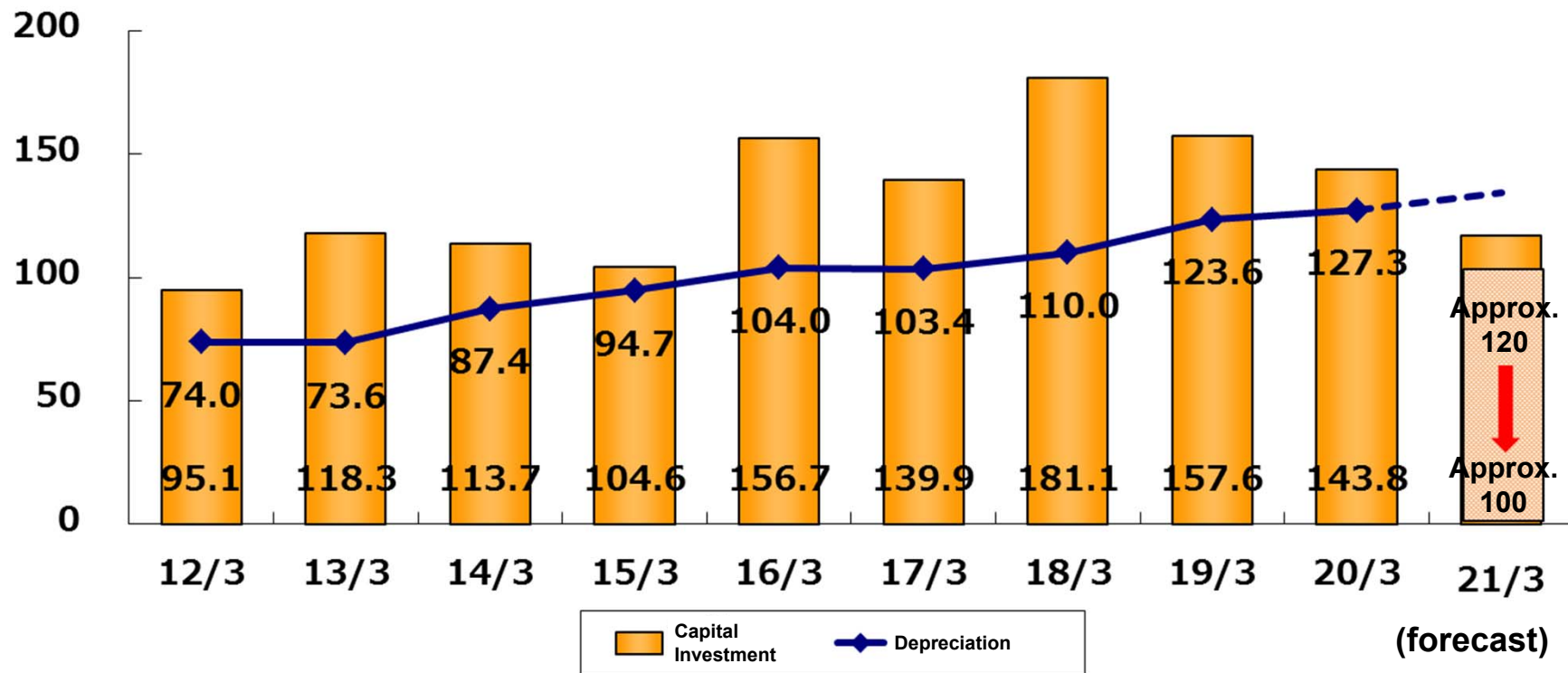
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■ Capital Injection to Strengthen Growth Potential

- 1) Update equipment to improve productivity in Chain and PTUC operations
- 2) Reinforce equipment for automotive parts

Capital Investment and Depreciation Trend

(Unit: ¥100 million)



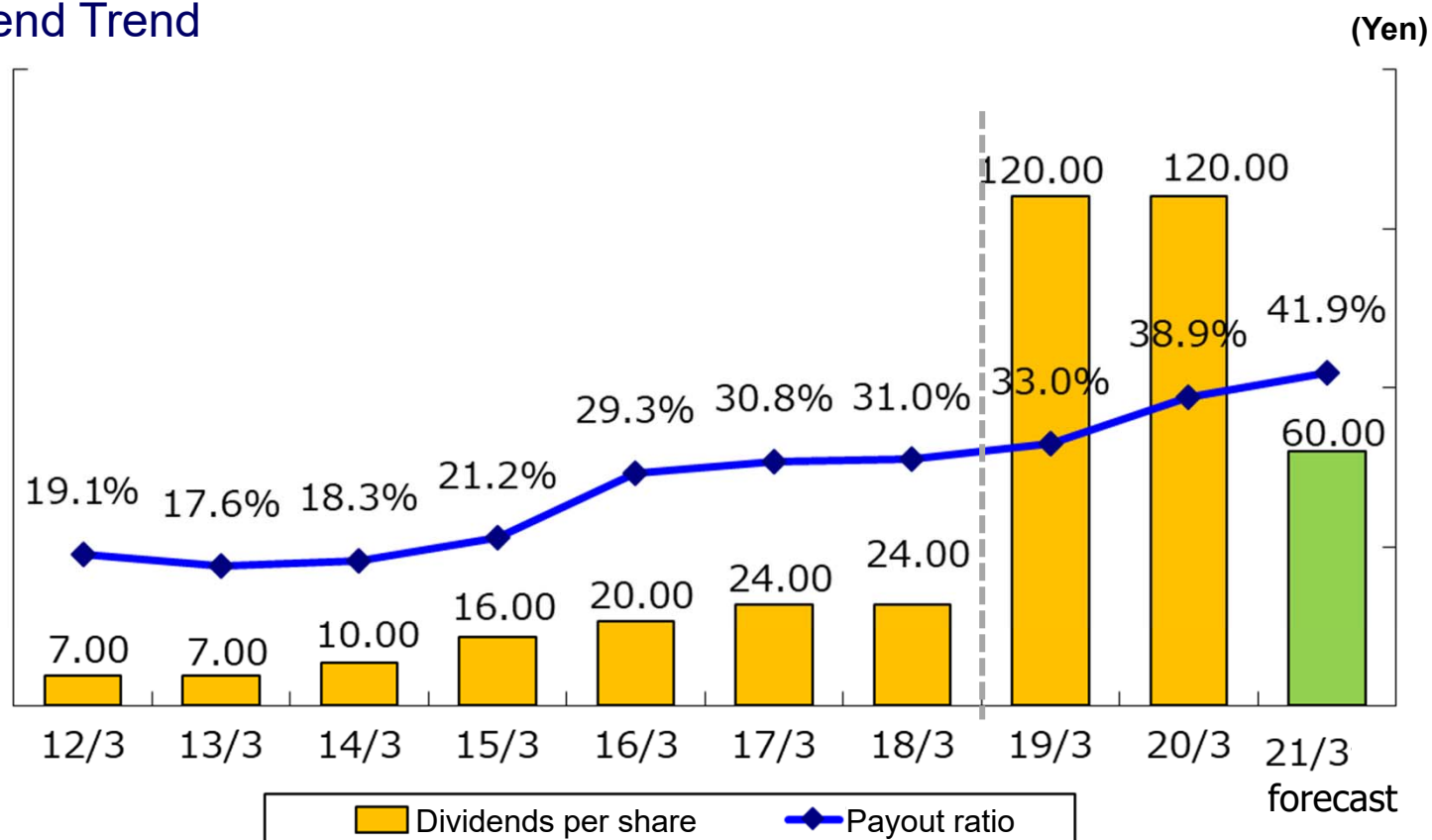
8. FYE 2021 Return to Stockholders

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■ Dividend policy

- The company aims to maintain its profit distribution based on a consolidated dividend payout ratio of 30%, under a basic policy of reflecting consolidated results in the dividend.

Dividend Trend



* A share consolidation was implemented on October 1, 2018. The dividend for the fiscal year ending March 31, 2019 was calculated after the consolidation.

This reference document describes our business plans and our earnings outlook. The content of this document is based on current information available to our company and on certain assumptions determined as reasonable. It is not intended to represent a performance commitment. Note that actual results may differ from the earnings outlook described herein, as the results are dependent upon a variety of variables.