

July 30, 2021

## CONSOLIDATED FINANCIAL STATEMENTS

<under Japanese GAAP>

For the three-month period ended June 30, 2021

Name of the company: Tsubakimoto Chain Co.  
 Code number: 6371  
 Stock exchange listings: Tokyo  
 URL: <https://tsubakimoto.com/>  
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\*Amounts less than ¥1 million are omitted.

### 1. Consolidated Operating Results for the Three Months Ended June 30, 2021

#### (1) Consolidated Results of Operation

(% figures show change compared to the same period of the previous year.)

|                                       | Net sales       |        | Operating income |        | Ordinary income |        | Net income      |        |
|---------------------------------------|-----------------|--------|------------------|--------|-----------------|--------|-----------------|--------|
|                                       | Millions of yen | %      | Millions of yen  | %      | Millions of yen | %      | Millions of yen | %      |
| 3-month period ended<br>June 30, 2021 | 50,326          | 23.3   | 3,995            | 241.8  | 4,797           | 190.8  | 3,439           | 183.9  |
| 3-month period ended<br>June 30, 2020 | 40,829          | (27.0) | 1,169            | (68.1) | 1,649           | (61.8) | 1,211           | (62.2) |

Note: Comprehensive income

3-month period ended June 30, 2021: ¥ 6,258 million: —

3-month period ended June 30, 2020: ¥ 528 million: (72.7 %)

|                                       | Net income per share |  | Net income per share (diluted) |  |
|---------------------------------------|----------------------|--|--------------------------------|--|
|                                       | Yen                  |  | Yen                            |  |
| 3-month period ended<br>June 30, 2021 | 92.91                |  | —                              |  |
| 3-month period ended<br>June 30, 2020 | 32.74                |  | —                              |  |

#### (2) Consolidated Financial Position

|                      | Total assets    |  | Net assets      |  | Equity ratio |  |
|----------------------|-----------------|--|-----------------|--|--------------|--|
|                      | Millions of yen |  | Millions of yen |  | %            |  |
| As of June 30, 2021  | 312,824         |  | 192,085         |  | 60.8         |  |
| As of March 31, 2021 | 307,332         |  | 187,494         |  | 60.5         |  |

Note: Shareholders' equity

As of June 30, 2021 ¥ 190,244 million

As of March 31, 2021 ¥ 185,791 million

### 2. Dividends

|                     | Dividends per share |                 |                 |                 |              |
|---------------------|---------------------|-----------------|-----------------|-----------------|--------------|
|                     | 1st quarter end     | 2nd quarter end | 3rd quarter end | Fiscal year end | Total        |
| FY2020              | Yen<br>—            | Yen<br>30.00    | Yen<br>—        | Yen<br>45.00    | Yen<br>75.00 |
| FY2021              | —                   | —               | —               | —               | —            |
| FY2021 (Forecasted) | —                   | 50.00           | —               | 60.00           | 110.00       |

Note: Revision of cash dividends forecast in quarter under review: No

### 3. Outlook for Consolidated Operating Results for the 12 Months Ending March 31, 2022

(% figures show change compared to the same period of the previous year.)

|  | Net sales       |      | Operating income |       | Ordinary income |      | Net income      |      | Net income per share |
|--|-----------------|------|------------------|-------|-----------------|------|-----------------|------|----------------------|
|  | Millions of yen | %    | Millions of yen  | %     | Millions of yen | %    | Millions of yen | %    | Yen                  |
| 6-month period ending September 30, 2021 | 107,000         | 20.9 | 7,000            | 130.1 | 7,700           | 93.3 | 6,000           | 94.2 | 162.10               |
| 12-month period ending March 31, 2022    | 225,000         | 16.3 | 16,000           | 79.8  | 17,000          | 54.2 | 12,500          | 43.6 | 337.70               |

Note: Revision of outlook for consolidated operating results in quarter under review: No

#### \* Notes

- (1) Significant changes in scope of consolidation (indicates changes in specified subsidiaries involving changes in the scope of consolidation): None
- (2) Adoption of specific accounting procedures for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, accounting estimates, and restatement of corrections:
  1. Changes in accounting policies due to the revision of accounting standards and other regulations: Yes
  2. Other changes in accounting policies: None
  3. Changes in accounting estimates: None
  4. Restatement of corrections: None
- (4) Number of shares issued (common shares)

- 1 Number of shares issued at end of period (including treasury shares)

As of June 30, 2021: 38,281,393 shares

As of March 31, 2021: 38,281,393 shares

- 2 Number of treasury shares at end of period

As of June 30, 2021: 1,266,709 shares

As of March 31, 2021: 1,266,367 shares

- 3 Average number of shares during the period

As of June 30, 2021: 37,014,750 shares

As of June 30, 2020: 37,008,631 shares

#### \* Implementation status of the quarterly review

These quarterly financial statements are exempt from the quarterly review procedure required by the Financial Instruments and Exchange Act. The quarterly review based on the Financial Instruments and Exchange Act has not been completed at the time of disclosure of these financial statements.

#### \* Explanation regarding the appropriate usage of consolidated operating results and other items

The outlook for consolidated operating results is based on information available at the present juncture and certain assumptions believed to be reasonable. However, it includes risks and uncertainties. Actual business results may differ materially from the figures of the outlook for consolidated operating results due to changes in business conditions, market trends, or fluctuation in currency exchange rates. Furthermore, factors that may affect business results are not limited to those factors.

## 1. Analysis of Business Results and Financial Position

### (1) Analysis of Business Results

In the three-month period ended June 30, 2021, the business environment of the Tsubaki Group started moving towards a path of recovery, with China, South Korea, and Taiwan recovering from the effects of COVID-19, and the U.S. and Europe also showed signs of economic recovery due to economic measures and other policies of governments in those regions.

The economy in Japan is also showing signs of a recovery due to the effect of various policies and an improvement in the economies of overseas countries. However, the situation moving forward remains unclear due to various factors such as continued restrictions on economic activity as a result of the renewed spread of COVID-19.

In this environment, orders received by the Tsubaki Group for this three-month period were up 40.5% year-on-year to ¥55,633 million, and net sales increased 23.3% year-on-year to ¥50,326 million.

Operating income increased 241.8% year-on-year to ¥3,995 million, and ordinary income increased 190.8% year-on-year to ¥4,797 million, while net income attributable to parent company shareholders increased 183.9% year-on-year to ¥3,439 million.

The Tsubaki Group will continue its efforts to prevent the spread of COVID-19, while contributing to solving social issues through “Linked Automation Technology,” as we work toward realizing “What we want to be in 2030” in our “Long-Term Vision 2030.”

In addition, we will focus on strengthening the profitability of our existing businesses and developing new businesses that will lead to sustainable growth in order to achieve the goals of the “Mid-Term Plan 2025,” which was launched this fiscal year.

(Linked Automation Technology: A technology domain that is highly functional and highly automated)

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc., has been applied from this first quarter consolidated accounting period (three-month period ended June 30, 2021).

We have also changed some of the reporting segment categories and names, applicable as of the first quarter of the current fiscal year. The year-on-year comparisons mentioned below use the year-on-year figures reclassified into the changed segment categories.

Segment results are summarized as follows:

#### [Chains]

In the Chains segment, net sales increased year-on-year due to such factors as a rise in sales in Japan, the Americas, Europe, Indian Ocean Rim, China, South Korea, and Taiwan.

Subsequently, the segment recorded a year-on-year increase of 40.0% in orders received to ¥19,636 million, a 16.7% increase in net sales over the same period to ¥16,663 million, and a year-on-year increase of 53.0% in operating income to ¥2,439 million.

[Motion Control]

In the Motion Control segment (previously the Power Transmission Units and Components segment), net sales were up year-on-year due to an increase in sales in Japan, the Americas, Europe, China, South Korea, and Taiwan.

Subsequently, the segment recorded a year-on-year increase of 44.0% in orders received to ¥5,738 million, and a 9.3% increase in net sales over the same period to ¥4,512 million.

However, there was a year-on-year decrease of 1.8% in operating income to ¥185 million, due to such factors as a deterioration in the product mix.

[Mobility]

In the Mobility segment (previously the Automotive Parts segment), net sales increased year-on-year due to such factors as a rise in sales of timing chain systems for automobile engines at bases in Japan, the Americas, Europe, Thailand, and China.

Subsequently, the segment recorded a year-on-year increase of 59.6% in orders received to ¥17,105 million, and a 58.6% increase in net sales over the same period to ¥17,092 million.

Operating income was ¥2,160 million (compared to an operating loss of ¥159 million in the same period of the previous fiscal year).

[Materials Handling Systems]

In the Materials Handling Systems segment, net sales were up year-on-year due to such domestic factors as an increase in sales of systems for the logistics industry and life science field, as well as growth in the sales of systems for the automotive industry.

Subsequently, the segment recorded a year-on-year increase of 25.4% in orders received to ¥12,529 million, and a 5.8% increase in net sales over the same period to ¥11,535 million. Due to additional construction costs for systems for the automotive industry in the Americas and other factors, there was an operating loss of ¥420 million (compared to an operating loss of ¥201 million in the same period of the previous fiscal year).

[Other]

Other orders received decreased 30.0% year-on-year to ¥622 million, and net sales decreased 28.7% over the same period to ¥522 million. Subsequently, there was an operating loss of ¥112 million (compared to an operating loss of ¥91 million in the same period of the previous fiscal

year).

## (2) Analysis of Financial Position

### [Assets]

Total assets as of the three-month period ended June 30, 2021 were ¥312,824 million, up ¥5,491 million from the end of the previous consolidated fiscal year.

Current assets totaled ¥149,871 million, an increase of ¥4,685 million from the end of the previous consolidated fiscal year. This was partly due to an increase of ¥3,003 million in cash and deposits and an increase of ¥2,754 million in inventories due to an increase in work in process, despite a decrease of ¥1,310 million in notes and accounts receivables, and contract assets.

Non-current assets amounted to ¥162,953 million, up ¥806 million from the end of the previous consolidated fiscal year. This was partly due to a ¥993 million increase in investments in securities from a rise in the market value of securities held by the Company and other factors, which outweighed a ¥21 million decrease in tangible fixed assets due to amortization and other factors, and a ¥174 million decrease in intangible fixed assets.

### [Liabilities]

Liabilities were ¥120,738 million, up ¥900 million from the end of the previous consolidated fiscal year. This was attributable to various factors such as a ¥953 million rise in electronically recorded monetary obligations, a ¥727 million increase in notes and accounts payable, and a ¥547 million increase in other non-current liabilities due to an increase in deferred tax liabilities and other factors, all of which outweighed a ¥1,379 million decrease in provision for bonuses.

### [Net Assets]

Net assets were ¥192,085 million, up ¥4,590 million from the end of the previous consolidated fiscal year, and the equity ratio was 60.8%. This was attributable to numerous factors, including a ¥682 million increase in the valuation difference on available-for-sale securities due to a rise in the market value of securities held by the Company, an increase of ¥1,768 million in retained earnings, and an increase of ¥1,915 million in foreign currency translation adjustments due to exchange rate fluctuations.

## (3) Discussion of Future Outlook including Consolidated Operating Results Forecast

In regard to the (cumulative) second quarter and full year consolidated operating results forecasts of the fiscal year ending March 31, 2022, currently there is no change to our forecasts announced on May 11, 2021.