

February 4, 2022

CONSOLIDATED FINANCIAL STATEMENTS
<under Japanese GAAP>

For the nine-month period ended December 31, 2021

Name of the company: Tsubakimoto Chain Co.
Code number: 6371
Stock exchange listings: Tokyo
URL: <https://tsubakimoto.com/>
Representative: Kenji Kose, President and Representative Director
Inquiries: Tsutomu Nishida, Manager, Corporate Planning Department
Tel +81 (6) 6441-0054

Scheduled quarterly report issuance date: February 10, 2022

*Amounts less than ¥1 million are omitted.

1. Consolidated Operating Results for the Nine Months Ended December 31, 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	%
9-month period ended December 31, 2021	155,459	13.0	13,005	202.3	14,692	146.7	10,619	107.4
9-month period ended December 31, 2020	137,531	(18.7)	4,301	(65.9)	5,956	(55.2)	5,120	(46.8)

Note: Comprehensive income

9-month period ended December 31, 2021: ¥ 16,258 million :198.2%

9-month period ended December 31, 2020: ¥ 5,451 million :(45.1%)

	Net income per share		Net income per share (diluted)	
	Yen		Yen	
9-month period ended December 31, 2021	286.87		—	
9-month period ended December 31, 2020	138.33		—	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of December 31, 2021	326,222		200,190		60.8	
As of March 31, 2021	307,332		187,494		60.5	

Note: Shareholders' equity

As of December 31, 2021: ¥ 198,307 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	
	Yen		Yen		Yen	
FY 2020	—	30.00	—	45.00	75.00	
FY 2021	—	50.00	—			
FY 2021 (Forecasted)				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
12-month period ending March 31, 2022	211,000	9.1	15,000	68.6	16,500	49.6	11,900	36.7	321.47

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 December 31, 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 December 31, 2021:	1,262,887 shares
As of March 31, 2021:	1,266,367 shares
- 3 Average number of shares during the period

As of December 31, 2021:	37,017,523 shares
As of December 31, 2020:	37,013,344 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 nine-month period ended December 31, 2021, the business environment of the global economy generally showed a recovery trend due to progress in vaccinations against the novel coronavirus (COVID-19), mainly in developed countries, and the economic policies of various countries. In China, the pace of economic recovery slowed down due to the reemergence of COVID-19, but in the USA and Europe, the economy showed signs of recovery due to government economic measures. In Japan, although the economy is recovering due to various policies and improvements in overseas economies, the outlook remains unclear due to various factors such as increased costs of materials, the shortage of semiconductors, and 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 nine-month period were up 27.5% year on year to ¥170,538 million, and net sales increased 13.0% year on year to ¥155,459 million.

Operating income increased 202.3% year on year to ¥13,005 million, and ordinary income increased 146.7% year on year to ¥14,692 million, while net income attributable to parent company shareholders increased 107.4% year on year to ¥10,619 million.

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

We will also focus on both cultivating new businesses that will lead to sustainable growth and strengthening the earning power of our existing businesses, as we strive to achieve the Mid-Term Plan 2025 that we started 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., are being applied from the first quarter of the 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 consolidated accounting period. The year-on-year comparisons listed 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.

Consequently, the segment recorded a year-on-year increase of 36.3% in orders received to ¥60,374 million, a 23.1% increase in net sales over the same period to ¥53,108 million, and a year-on-year increase of 61.5% in operating income to ¥8,194 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, Indian Ocean Rim, China, South Korea, and Taiwan.

Consequently, the segment recorded a year-on-year increase of 39.2% in orders received to ¥17,409 million, a 9.1% increase in net sales over the same period to ¥14,307 million, and a year-on-year increase of 40.5% in operating income to ¥832 million.

[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 and others at bases in Japan, the Americas, Europe, Thailand, China, and South Korea.

Consequently, the segment recorded a year-on-year increase of 14.6% in orders received to ¥48,005 million, a 14.8% increase in net sales over the same period to ¥47,891 million, and a 194.8% increase in operating income over the same period to ¥5,038 million.

[Materials Handling Systems]

In the Materials Handling Systems segment, although sales of systems for the automotive industry decreased in Japan and the Americas, sales of systems for the logistics industry, newspaper printing plants, and the life science field increased in Japan, resulting in a year on year increase overall.

Consequently, the segment recorded a year-on-year increase of 30.3% in orders received to ¥42,825 million, and a 2.8% increase in net sales over the same period to ¥38,515 million. Operating income was ¥203 million (operating loss of ¥2,175 million in the same period of the previous fiscal year).

[Other]

Other orders received decreased 13.0% year on year to ¥1,923 million, and net sales decreased 22.9% over the same period to ¥1,635 million. Consequently, there was an operating loss of ¥339 million (operating loss of ¥272 million in the same period of the previous fiscal year).

(2) Analysis of Financial Position

(Assets)

Total assets at the end of the nine-month period on December 31, 2021, were ¥326,222 million, up ¥18,889 million from the end of the previous consolidated fiscal year.

Current assets totaled ¥163,326 million, an increase of ¥18,140 million from the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥9,672 million in inventories primarily due to an increase in work-in-process, an increase of ¥6,185 million in cash and deposits, and an increase of ¥5,615 million in electronically recorded monetary claims, despite a decrease of ¥3,024 million in notes and accounts receivables, and contractual assets.

Non-current assets amounted to ¥162,895 million, up ¥748 million from the end of the previous consolidated fiscal year. This was mainly due to a ¥2,611 million increase in investments in securities from a rise in the market value of securities held by the Company and other factors, despite a decrease of ¥1,266 million in tangible fixed assets due to amortization and other factors, and a decrease of ¥468 million in intangible fixed assets.

(Liabilities)

Liabilities were ¥126,031 million, up ¥6,192 million from the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥3,799 million in electronically recorded monetary obligations, an increase of ¥1,659 million in notes payable and accounts payable, and an increase of ¥1,156 million in other non-current liabilities due to an increase in deferred tax liabilities and other factors, despite a decrease of ¥886 million in provision for bonuses.

(Net assets)

Net assets were ¥200,190 million, up ¥12,696 million from the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥7,097 million in retained earnings, an increase of ¥3,496 million in foreign currency translation adjustments due to exchange rate fluctuations, and an increase of ¥1,790 million in the valuation difference on available-for-sale securities due to a rise in the market value of securities held by the Company. The equity ratio was 60.8%.

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

There is no change to the consolidated operating results forecast for the fiscal year ending March 31, 2022 from the forecast announced on October 29, 2021.