

July 29, 2022

CONSOLIDATED FINANCIAL STATEMENTS

<under Japanese GAAP>

For the three-month period ended June 30, 2022

Name of the company: Tsubakimoto Chain Co.
 Code number: 6371
 Stock exchange listings: Tokyo
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*Amounts less than ¥1 million are omitted.

1. Consolidated Operating Results for the Three Months Ended June 30, 2022

(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 June 30, 2022	57,968	15.2	4,329	8.4	5,399	12.6	3,753	9.1
3-month period ended June 30, 2021	50,326	23.3	3,995	241.8	4,797	190.8	3,439	183.9

Note: Comprehensive income

3-month period ended June 30, 2022: ¥ 12,297 million: 96.5%

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

	Net income per share		Net income per share (diluted)	
	Yen		Yen	
3-month period ended June 30, 2022	101.38		—	
3-month period ended June 30, 2021	92.91		—	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of June 30, 2022	337,862		219,461		64.3	
As of March 31, 2022	332,620		209,757		62.5	

Note: Shareholders' equity

As of June 30, 2022 ¥ 217,282 million

As of March 31, 2022 ¥ 207,756 million

2. Dividends

	Dividends per share				
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total
FY2021	Yen —	Yen 50.00	Yen —	Yen 70.00	Yen 120.00
FY2022	—	—	—	—	—
FY2022 (Forecasted)	—	60.00	—	70.00	130.00

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

3. Outlook for Consolidated Operating Results for the 12 Months Ending March 31, 2023

(% 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, 2022	117,000	14.1	8,600	5.1	9,200	0.5	6,800	2.6	183.69
12-month period ending March 31, 2023	240,000	11.2	20,000	12.1	20,600	2.8	14,900	2.5	402.50

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: None
 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, 2022: 38,281,393 shares

As of March 31, 2022: 38,281,393 shares

- 2 Number of treasury shares at end of period

As of June 30, 2022: 1,263,602 shares

As of March 31, 2022: 1,263,127 shares

- 3 Average number of shares during the period

As of June 30, 2022: 37,017,864 shares

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

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* 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, 2022, the outlook for the global economy remains unclear due to various factors including the skyrocketing costs of energy and parts shortages due to the impact of the situation in Russia and Ukraine, and disruption in logistics due to the lockdown of major cities in China as a result of the spread of COVID-19 infections.

Although economic activities in Japan have resumed as the number of new COVID-19 infections decline, the situation moving forward remains unclear due to factors such as rising prices associated with the skyrocketing prices of energy and materials and parts shortages, and the continuing rapid and drastic weakening of the yen.

In this environment, the Tsubaki Group has also been impacted by the skyrocketing prices of materials and parts shortages and other factors. However, as a result of strong sales in Chain Operations and the effect of the weakening yen and other factors, the orders received for this three-month period were up 18.2% year on year to ¥65,735 million, and net sales increased 15.2% year on year to ¥57,968 million.

Operating income increased 8.4% year on year to ¥4,329 million, and ordinary income increased 12.6% year on year to ¥5,399 million, while net income attributable to parent company shareholders increased 9.1% year on year to ¥3,753 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 the Long-Term Vision 2030.

We will also focus on both developing 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 Management Plan 2025 that we started in fiscal 2021.

(Linked Automation Technology: Technical field of high functionality and advanced automation)

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 19.5% in orders received to ¥23,460 million, a 26.6% increase in net sales over the same period to ¥21,093 million, and a year-on-year increase of 26.7% in operating income to ¥3,091 million.

[Motion Control]

In the Motion Control segment, net sales were up year on year due to an increase in sales in Japan, the Americas, Europe, Indian Ocean Rim, and China.

Subsequently, the segment recorded a year-on-year increase of 18.3% in orders received to ¥6,787 million, a 13.1% increase in net sales over the same period to ¥5,104 million, and a year-on-year increase of 78.6% in operating income to ¥331 million.

[Mobility]

In the Mobility segment, despite a decrease in the sales of timing chain systems for automobile engines and other items at bases in Japan, Europe, and other areas, sales of the same product increased at bases in Thailand and South Korea. This and other factors such as the effect of the weakening yen on exchange rates resulted in a year-on-year increase in net sales.

Subsequently, the segment recorded a year-on-year increase of 7.3% in orders received to ¥18,355 million, a 5.9% increase in net sales over the same period to ¥18,105 million. However, there was a year-on-year decrease of 30.3% in operating income to ¥1,506 million, due to factors such as the skyrocketing prices of materials and energy.

[Materials Handling Systems]

In the Materials Handling Systems segment, although there was a decrease in sales of systems for the logistics industry in Japan and a decrease in sales of systems for the automotive industry in the Americas, sales of systems for the automotive industry and sales of metalworking chips handling and coolant processing systems increased in Japan. This and other factors resulted in a year-on-year increase in net sales.

Subsequently, the segment recorded a year-on-year increase of 31.2% in orders received to ¥16,436 million, and a 13.3% increase in net sales over the same period to ¥13,070 million. Due to cost-reduction efforts and a decrease in costs associated with the completion of additional construction in the Americas and other factors, operating loss was ¥153 million (operating loss of ¥420 million in the same period of the previous fiscal year).

[Other]

Other orders received increased 11.7% year on year to ¥695 million, and net sales increased 13.7% over the same period to ¥594 million. Subsequently, there was an operating loss of ¥133 million (operating loss of ¥112 million in the same period of the previous fiscal year).

(2) Analysis of Financial Position

(Assets)

Total assets at the end of the three-month period on June 30, 2022 were ¥337,862 million, up ¥5,241 million from the end of the previous consolidated fiscal year.

Current assets totaled ¥169,275 million, an increase of ¥2,763 million from the end of the previous consolidated fiscal year. This was partly due to an increase of ¥4,523 million in inventories due to an increase in work in process, despite a decrease of ¥2,147 million in cash and deposits.

Non-current assets amounted to ¥168,586 million, up ¥2,478 million from the end of the previous consolidated fiscal year. This was partly due to a ¥2,126 million increase in tangible fixed assets and a ¥751 million increase in intangible fixed assets, despite a ¥810 million decrease in investments in securities due to a fall in the market value of securities held by the Company and other factors.

(Liabilities)

Liabilities on June 30, 2022 were ¥118,400 million, down ¥4,462 million from the end of the previous consolidated fiscal year. This was attributable to various factors such as ¥4,067 million decrease in debt, a ¥2,407 million decrease in provision for bonuses, and a ¥2,272 million decrease in income taxes payable, all of which outweighed a ¥2,877 million increase in other current liabilities due to an increase in non-trade accounts payable and other items.

(Net assets)

Net assets were ¥219,461 million, up ¥9,704 million from the end of the previous consolidated fiscal year, and the equity ratio was 64.3%. This was attributable to numerous factors, including an increase of ¥1,161 million in retained earnings, and an increase of ¥8,969 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, 2023, currently there is no change in our forecasts announced on May 11, 2022.