

October 31, 2022

## CONSOLIDATED FINANCIAL STATEMENTS

<under Japanese GAAP>

For the six-month period ended September 30, 2022

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

Scheduled quarterly  
 report issuance date: November 7, 2022  
 Scheduled dividend  
 payment date: December 2, 2022

\*Amounts less than ¥1 million are omitted.

### 1. Consolidated Operating Results for the Six Months Ended September 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 | %     |
| 6-month period ended<br>September 30, 2022 | 118,933         | 16.0 | 8,375            | 2.3   | 9,889           | 8.0   | 6,756           | 2.0   |
| 6-month period ended<br>September 30, 2021 | 102,518         | 15.9 | 8,185            | 169.0 | 9,156           | 129.9 | 6,624           | 114.4 |

Note: Comprehensive income

6-month period ended September 30, 2022 : ¥ 19,620 million 81.2%

6-month period ended September 30, 2021 : ¥ 10,828 million 366.7%

|  | Net income per share |  | Net income per share (diluted) |  |
|--|----------------------|--|--------------------------------|--|
|  | Yen                  |  | Yen                            |  |
| 6-month period ended<br>September 30, 2022 | 182.49               |  | —                              |  |
| 6-month period ended<br>September 30, 2021 | 178.96               |  | —                              |  |

#### (2) Consolidated Financial Position

|                          | Total assets    |  | Net assets      |  | Equity ratio |  |
|--------------------------|-----------------|--|-----------------|--|--------------|--|
|                          | Millions of yen |  | Millions of yen |  | %            |  |
| As of September 30, 2022 | 347,722         |  | 226,784         |  | 64.6         |  |
| As of March 31, 2022     | 332,620         |  | 209,757         |  | 62.5         |  |

Note: Shareholders' equity

As of September 30, 2022 : ¥ 224,495 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  |  |
|                     | Yen                 |                 | Yen             |                 | Yen    |  |
| FY2021              | —                   |                 | 50.00           |                 | 70.00  |  |
| FY2022              | —                   |                 | 60.00           |                 | —      |  |
| FY2022 (Forecasted) | —                   |                 | —               |                 | 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                  |
| 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 September 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 September 30, 2022:  | 1,248,184 shares  |
|   | As of March 31, 2022:  | 1,263,127 shares  |
| 3 | Average number of shares during the period                           |                   |
|   | As of September 30, 2022:  | 37,025,582 shares |
|   | As of September 30, 2021:  | 37,016,976 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 six-month period ended September 30, 2022, the outlook for the global economy remained unclear due to various factors including the skyrocketing prices of raw materials and energy due to the ongoing situation in Russia and Ukraine, shortage of parts supply, and disruption of the supply chain due to the lockdown of major cities in China as a result of the spread of COVID-19 infections.

While economic activities in Japan continues to normalize towards a with-COVID-19 era, downward pressure on the economy also increased, due to factors such as prolonged shortage of parts coupled with rising prices associated with the skyrocketing prices of raw materials and energy, and the drastic weakening of the yen.

In this environment, the Tsubaki Group was also impacted by shortages of parts, the skyrocketing raw material prices, and the effects of the lockdown of major cities in China. However, as a result of strong sales in Chain Operations and the weaker yen and other factors, orders received in this six-month period were up 14.7% year on year to ¥129,836 million, and net sales increased 16.0% year on year to ¥118,933 million.

Operating income increased 2.3% year on year to ¥8,375 million, and ordinary income increased 8.0% year on year to ¥9,889 million, while net income attributable to parent company shareholders increased 2.0% year on year to ¥6,756 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, and the Indian Ocean Rim.

Consequently, the segment recorded a year-on-year increase of 17.1% in orders received to ¥46,776 million, a 23.9% increase in net sales over the same period to ¥42,659 million, and a year-on-year increase of 22.2% in operating income to ¥6,285 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, and the Indian Ocean Rim.

Consequently, the segment recorded a year-on-year increase of 9.7% in orders received to ¥12,525 million, a 13.8% increase in net sales over the same period to ¥10,608 million, and a year-on-year increase of 74.5% in operating income to ¥745 million.

#### [Mobility]

In the Mobility segment, despite a decrease in the sales of timing chain systems for automobile engines and other items in Japan, sales of the same product increased at bases in the Americas, Europe, and South Korea. This and other factors resulted in a year-on-year increase in net sales.

Consequently, the segment recorded a year-on-year increase of 13.2% in orders received to ¥36,823 million, a 12.4% increase in net sales over the same period to ¥36,428 million. However, owing to factors such as the skyrocketing prices of energy and raw materials, operating income declined 34.9% year-on-year to ¥2,375 million.

[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 metalworking chips handling and coolant processing systems increased in Japan, the Americas, and Europe. This and other factors resulted in a year-on-year increase in net sales.

Consequently, the segment recorded a year-on-year increase of 15.4% in orders received to ¥32,362 million, and a 10.9% increase in net sales over the same period to ¥28,057 million. Due to cost savings, cost reduction, and a decrease in costs associated with the completion of additional construction in the Americas and other factors, operating loss was ¥74 million (operating loss of ¥221 million in the same period of the previous fiscal year).

[Other]

Other orders received increased 7.0% year on year to ¥1,347 million, and net sales increased 13.2% over the same period to ¥1,179 million. Even so, the Group recorded an operating loss of ¥265 million (operating loss of ¥222 million in the same period of the previous fiscal year).

## (2) Analysis of Financial Position

### (Assets)

Total assets at the end of the six-month period on September 30, 2022 were ¥347,722 million, up ¥15,102 million from the end of the previous consolidated fiscal year.

Current assets totaled ¥178,340 million, an increase of ¥11,827 million from the end of the previous consolidated fiscal year. This was mainly due to an increase of ¥8,306 million in inventories due to an increase in work in process, and an increase of ¥5,659 million in notes and accounts receivables and contract assets, despite a decrease of ¥1,659 million in securities.

Non-current assets amounted to ¥169,382 million, up ¥3,274 million from the end of the previous consolidated fiscal year. The increase was mainly attributable to a ¥3,962 million increase in tangible fixed assets due to capital investment in production facilities, and a ¥1,713 million increase in goodwill arising from the acquisition by the consolidated subsidiary U.S. TSUBAKI HOLDINGS, INC. of all shares of ATR Sales, Inc., all of which offset a ¥3,576 million decrease in investments in securities as a result of the decline in the market value of securities held by the Company and other factors.

### (Liabilities)

Liabilities were ¥120,938 million, down ¥1,925 million from the end of the previous consolidated fiscal year. The decline was mainly due to a ¥2,891 million decrease in debt, and a ¥1,264 million decrease in income taxes payable, despite a ¥2,155 million increase in other current liabilities due to an increase in accrued expenses, etc.

### (Net assets)

Net assets were ¥226,784 million, up ¥17,027 million from the end of the previous consolidated fiscal year, and the equity ratio was 64.6%. This was attributable to numerous factors, including an increase of ¥4,158 million in retained earnings, and an increase of ¥14,520 million in foreign currency translation adjustments due to exchange rate fluctuations.

(Cash flow status)

Cash and cash equivalents (hereafter referred to as “cash”) at the end of the second-quarter consolidated period amounted to ¥50,720 million, down ¥2,168 million from the end of the previous consolidated fiscal year.

Respective cash flows and their causes are as follows:

(Cash provided by operating activities)

Net cash provided by operating activities was ¥6,056 million (¥10,632 million in the same period of the previous fiscal year). This was attributable to various factors such as income before income taxes and minority interests of ¥9,699 million and depreciation and amortization of ¥6,575 million, which outweighed an increase in inventories of ¥3,676 million.

(Cash used in investing activities)

Net cash used in investing activities was ¥5,061 million (¥3,487 million in the same period of the previous fiscal year). This resulted from factors such as ¥4,139 million being used for the acquisition of fixed assets, and ¥1,662 million being used for the acquisition of ATR Sales, Inc. shares, despite income of ¥478 million because of refunds on time deposits.

(Cash used in financing activities)

Net cash used in financing activities was ¥6,320 million (¥2,528 million in the same period of the previous fiscal year). This resulted from ¥3,386 million repayment of debt, ¥2,641 million being used to pay for dividends, and other items.

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

In regard to the 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.