

February 6, 2024

CONSOLIDATED FINANCIAL STATEMENTS
<under Japanese GAAP>

For the nine-month period ended December 31, 2023

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Code number: 6371
Stock exchange listings: Tokyo
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*Amounts less than ¥1 million are omitted.

1. Consolidated Operating Results for the Nine Months Ended December 31, 2023

(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, 2023	196,806	7.6	14,349	4.0	16,132	3.2	11,964	9.5
9-month period ended December 31, 2022	182,864	17.6	13,791	6.0	15,633	6.4	10,921	2.9

Note: Comprehensive income

9-month period ended December 31, 2023: ¥ 26,899 million : 31.9%

9-month period ended December 31, 2022: ¥ 20,393 million : 25.4%

	Net income per share		Net income per share (diluted)	
	Yen		Yen	
9-month period ended December 31, 2023	328.75		—	
9-month period ended December 31, 2022	294.96		—	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of December 31, 2023	373,733		244,185		64.7	
As of March 31, 2023	345,878		226,582		64.9	

Note: Shareholders' equity

As of December 31, 2023: ¥ 241,856 million

As of March 31, 2023: ¥ 224,398 million

2. Dividends

	Dividends per share				
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2022	—	60.00	—	70.00	130.00
FY 2023	—	60.00	—	—	—
FY 2023 (Forecasted)	—	—	—	100.00	160.00

Note: Revision of cash dividends forecast in quarter under review: Yes

3. Outlook for Consolidated Operating Results for the 12 Months Ending March 31, 2024

(% 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, 2024	267,000	6.1	19,000	0.1	20,900	(0.3)	16,700	21.5	460.58

Note: Revision of outlook for consolidated operating results in quarter under review: Yes

* 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 December 31, 2023:	38,281,393 shares
As of March 31, 2023:	38,281,393 shares
- 2 Number of treasury shares at end of period

As of December 31, 2023:	2,428,046 shares
As of March 31, 2023:	1,248,696 shares
- 3 Average number of shares during the period

As of December 31, 2023:	36,393,354 shares
As of December 31, 2022:	37,028,068 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

Regarding the global economy in the nine-month period ended December 31, 2023, while the US economy remained strong with favorable employment and income conditions despite rising interest rates, the economy in Europe experienced prolonged stagnation due to the effects of high interest rates and other factors, and the economy in China also lacked strength as a result of factors such as a slowing economy caused by the real estate slump.

In Japan as well, in addition to a slowdown in external demand due to a stagnant overseas economy, internal demand has slowed due to sluggish personal consumption caused by the rising cost of living, and a slowdown in capital expenditures. As a result, the economy has been slow to recover.

The outlook moving forward is for the global economy to become increasingly stagnant due to rising geopolitical risks in the Middle East, the impact of tight monetary policies actualizing in the US and Europe, and a lagging economic recovery in China. In Japan as well, although inbound tourism demand and other areas are continuing to recover, the impact of a stagnant overseas economy is likely to keep the domestic economy relatively flat.

In this environment, the Tsubaki Group will focus on both developing new businesses that will lead to sustainable growth and strengthening the earning power of our existing businesses, as well as strengthening ESG management, as we strive to achieve the Mid-Term Management Plan 2025 that we started in fiscal 2021 and realize “What we want to be in 2030” that we raised in the Long-Term Vision 2030. As a corporate group that is contributing to solving social issues, we will continue to further improve our corporate value and strengthen our efforts aimed at realizing a sustainable society.

As a result, orders received by the Tsubaki Group for this nine-month period were up 1.0% year on year to ¥197,275 million, and net sales increased 7.6% year on year to ¥196,806 million.

Operating income increased 4.0% year on year to ¥14,349 million, and ordinary income increased 3.2% year on year to ¥16,132 million, while net income attributable to parent company shareholders increased 9.5% year on year to ¥11,964 million.

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.

While the segment recorded a year-on-year decrease of 3.0% in orders received to ¥67,119 million, net sales increased 6.0% year on year to ¥69,336 million, and operating income increased 20.9% year on year to ¥12,111 million.

[Motion Control]

In the Motion Control segment, net sales decreased year on year due to slower sales in Japan and other factors, despite an increase in sales in the Americas, China, and the Indian Ocean Rim.

Consequently, the segment recorded a year-on-year decrease of 14.3% in orders received to ¥15,630 million, a 0.5% decrease in net sales over the same period to ¥16,615 million, and a year-on-year decrease of 60.2% in operating income to ¥554 million.

[Mobility]

In the Mobility segment, net sales increased year on year due to factors such as an increase in the sales of timing chain systems for automobile engines and other items at bases in Japan, the Americas, Europe, the Indian Ocean Rim, South Korea, and other areas.

Consequently, the segment recorded a year-on-year increase of 10.1% in orders received to ¥63,080 million, a 10.8% increase in net sales over the same period to ¥62,947 million, and a year-on-year increase of 17.2% in operating income to ¥5,308 million.

[Materials Handling Systems]

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

Consequently, the segment recorded a year-on-year increase of 1.6% in orders received to ¥49,405 million, and a 9.2% increase in net sales over the same period to ¥45,849 million. However, the segment recorded an operating loss of ¥1,823 million (operating loss of ¥748 million in the same period of the previous fiscal year) due to factors such as a fall in net sales in Japan and delays in construction work on a project at a US subsidiary that was partly due to the impact of extremely hot weather in the southern part of the US.

[Other]

Other orders received increased 1.5% year on year to ¥2,038 million, and net sales increased 6.4% over the same period to ¥2,057 million. Even so, the Group recorded an operating loss of ¥707 million (operating loss of ¥374 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, 2023 were ¥373,733 million, up ¥27,855 million from the end of the previous consolidated fiscal year.

Current assets totaled ¥199,695 million, an increase of ¥17,640 million from the end of the previous consolidated fiscal year, mainly due to an increase of ¥13,560 million in cash and deposits and an increase of ¥5,647 million in electronically recorded monetary claims, despite a decrease of ¥3,062 million in notes and accounts receivables and contract assets.

Non-current assets amounted to ¥174,037 million, up ¥10,214 million from the end of the previous consolidated fiscal year. This was due to various factors such as a ¥8,519 million increase in investments in securities due to a rise in the market value of securities held by the Company, and a ¥2,185 million increase in tangible fixed assets.

(Liabilities)

Liabilities were ¥129,548 million, up ¥10,252 million from the end of the previous consolidated fiscal year. This was attributable to various factors such as a ¥4,249 million increase in electronically recorded monetary obligations, a ¥4,010 million increase in other current liabilities due to an increase in accrued expenses and other factors, and a ¥3,551 million increase in other non-current liabilities due to an increase in deferred tax liabilities and other factors, all of which outweighed a ¥1,723 million decrease in short-term debt.

(Net assets)

Net assets were ¥244,185 million, up 17,602 million from the end of the previous consolidated fiscal year, and the equity ratio was 64.7%. This was attributable to numerous factors, including a ¥8,564 million increase in foreign currency translation adjustments due to exchange rate fluctuations, a ¥7,178 million increase in retained earnings, and a ¥6,043 million increase in valuation difference on available-for-sale securities, despite an increase (decrease in net assets) of ¥4,476 million in treasury stock acquired, etc.

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

Based on the actual results for the third-quarter consolidated period and the current outlook, we have revised the full-term consolidated results forecast announced on October 31, 2023, for the fiscal year ending March 31, 2024, as below.

The exchange rates used for the fourth quarter of this fiscal year, which is an assumption on which the full-term consolidated business results forecasts are based, are set at 1 USD=145 JPY, and 1 Euro=155 JPY.

Revised full-term consolidated results forecast for the fiscal year ending March 31, 2024 (April 1, 2023 – March 31, 2024)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previously released forecast (A) (Released October 31, 2023)	263,000	16,100	19,200	13,800	380.60
Revised forecast (B)	267,000	19,000	20,900	16,700	460.58
Increase/(Decrease) (B-A)	4,000	2,900	1,700	2,900	—
Percentage increase/(decrease) (%)	1.5	18.0	8.9	21.0	—