

October 29, 2021

## CONSOLIDATED FINANCIAL STATEMENTS

<under Japanese GAAP>

For the six-month period ended September 30, 2021

Name of the company: Tsubakimoto Chain Co.  
 Code number: 6371  
 Stock exchange listings: Tokyo  
 URL: <http://tsubakimoto.com/>  
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Scheduled quarterly  
 report issuance date: November 5, 2021  
 Scheduled dividend  
 payment date: December 2, 2021

\*Amounts less than ¥1 million are omitted.

### 1. Consolidated Operating Results for the Six Months Ended September 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	%
6-month period ended September 30, 2021	102,518	15.9	8,185	169.0	9,156	129.9	6,624	114.4
6-month period ended September 30, 2020	88,472	(22.6)	3,042	(63.0)	3,982	(55.0)	3,090	(52.4)

Note: Comprehensive income

6-month period ended September 30, 2021 : ¥ 10,828 million 366.7%  
 6-month period ended September 30, 2020 : ¥ 2,320 million (48.2%)

	Net income per share		Net income per share (diluted)	
	Yen		Yen	
6-month period ended September 30, 2021	178.96		—	
6-month period ended September 30, 2020	83.49		—	

#### (2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2021	318,168		196,613		61.2	
As of March 31, 2021	307,332		187,494		60.5	

Note: Shareholders' equity

As of September 30, 2021 : ¥ 194,774 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	
FY2020	—	30.00	—	45.00	75.00	
FY2021	—	50.00	—	—	—	
FY2021 (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: 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: 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 September 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 September 30, 2021:	1,262,548 shares
As of March 31, 2021:	1,266,367 shares
- 3 Average number of shares during the period

As of September 30, 2021:	37,016,976 shares
As of September 30, 2020:	37,012,241 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 six-month period ended September 30, 2021, the business environment of the Tsubaki Group remained challenging due to the global spread of novel coronavirus (COVID-19) infections, but it generally showed signs of recovery as a result of the economic policies of various countries, as well as progress in vaccination mainly in developed countries.

The speed of economic recovery in China has slowed down, but in the USA and Europe we have seen signs of recovery due to such factors as the governments' economic measures.

The economy in Japan is also showing signs of a recovery, which is partly attributable to the effect of various policies and an improvement in the economies of overseas countries. However, 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, the situation moving forward remains unclear.

In this environment, orders received by the Tsubaki Group for this six-month period were up 32.0% year on year to ¥113,182 million, and net sales increased 15.9% year on year to ¥102,518 million. Operating income increased 169.0% year on year to ¥8,185 million, and ordinary income increased 129.9% year on year to ¥9,156 million, while net income attributable to parent company shareholders increased 114.4% year on year to ¥6,624 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 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 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 consolidated accounting period. The year-on-year comparisons listed below use the year-on-year figures reclassified into the changed segment categories. For details, please refer to “2. Quarterly Consolidated Financial Statements and Main Notes (4) Notes on the Quarterly

Consolidated Financial Statements (Segment Information, etc.).”

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 40.4% in orders received to ¥39,951 million, a 22.1% increase in net sales over the same period to ¥34,428 million, and a year-on-year increase of 68.8% in operating income to ¥5,142 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.

Consequently, the segment recorded a year-on-year increase of 39.8% in orders received to ¥11,414 million, a 9.1% increase in net sales over the same period to ¥9,321 million, and a year-on-year increase of 29.5% in operating income to ¥426 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 at bases in Japan, the Americas, Europe, Thailand, China, and South Korea.

Consequently, the segment recorded a year-on-year increase of 32.0% in orders received to ¥32,518 million, and a 31.5% increase in net sales over the same period to ¥32,419 million. Operating income was ¥3,648 million (operating loss of ¥55 million in the same period of the previous fiscal year).

[Materials Handling Systems]

In the Materials Handling Systems segment, while we saw an increase in sales of systems for the logistics industry and life science field domestically, net sales were down year on year due to such factors as reduced sales of systems for the automotive industry in Japan and the Americas.

Consequently, the segment recorded a year-on-year increase of 22.3% in orders received to ¥28,039 million, and a 0.9% decrease in net sales over the same period to ¥25,306 million. Due to additional construction costs for systems for the automotive industry in the Americas and other factors, there was an operating loss of ¥221 million (operating income of ¥286 million in the same period of the previous fiscal year).

[Other]

Other orders received decreased 17.1% year on year to ¥1,258 million, and net sales decreased 31.9% over the same period to ¥1,042 million. Consequently, there was an operating loss of ¥222 million (operating loss of ¥171 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, 2021 were ¥318,168 million, up ¥10,835 million from the end of the previous consolidated fiscal year.

Current assets totaled ¥154,526 million, an increase of ¥9,340 million from the end of the previous consolidated fiscal year. This was partly due to an increase of ¥5,002 million in cash and deposits and an increase of ¥5,801 million in inventories due to an increase in products, despite a decrease of ¥1,602 million in notes and accounts receivables, and contractual assets.

Non-current assets amounted to ¥163,641 million, up ¥1,494 million from the end of the previous consolidated fiscal year. This was partly due to a ¥2,299 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 ¥296 million decrease in tangible fixed assets due to amortization and other factors, and a ¥443 million decrease in intangible fixed assets.

### (Liabilities)

Liabilities were ¥121,555 million, up ¥1,717 million from the end of the previous consolidated fiscal year. This was because, although other current liabilities fell by ¥1,145 million due to a decrease in accrued expenses and unpaid consumption tax, electronically recorded monetary obligations increased by ¥682 million, non-operating electronically recorded monetary obligations increased by ¥737 million, income taxes payable increased by ¥746 million, and other non-current liabilities increased by ¥760 million due to an increase in deferred tax liabilities and other factors.

### (Net assets)

Net assets were ¥196,613 million, up ¥9,118 million from the end of the previous consolidated fiscal year, and the equity ratio was 61.2%. This was attributable to numerous factors, including a ¥1,425 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 ¥2,471 million in foreign currency translation adjustments due to exchange rate fluctuations, and an increase of ¥4,954 million in retained earnings.

(Cash flow status)

Cash and cash equivalents (hereafter referred to as “cash”) at the end of the second-quarter consolidated period amounted to ¥51,352 million, up ¥5,267 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 ¥10,632 million (up from ¥10,090 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 ¥9,104 million and depreciation and amortization of ¥6,268 million, which outweighed an inventory increase of ¥5,108 million.

(Cash used in investing activities)

Net cash used in investing activities was ¥3,487 million (down from ¥4,202 million in the same period of the previous fiscal year). This resulted from factors such as ¥3,707 million being used for the acquisition of fixed assets, despite income of ¥466 million because of refunds on time deposits.

(Cash used in financing activities)

Net cash used in financing activities was ¥2,528 million (up from ¥377 million in the same period of the previous fiscal year). This resulted from ¥1,722 million being used to pay for dividends, a ¥554 million repayment of debt, and other items.

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

Based on the actual results for the second-quarter consolidated period and the current outlook, we have revised the full-term consolidated results forecast announced on May 11, 2021, for the fiscal year ending March 31, 2022.

The exchange rates used for the second half of this fiscal year, which is an assumption on which the full-term consolidated business results forecasts are based, are set at 1 USD = 111 JPY, and 1 Euro = 130 JPY.

Revised full-term consolidated results forecast for the fiscal year ending March 31, 2022 (April 1, 2021 – March 31, 2022)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previously released forecast (A) (Released May 11, 2021)	Million yen 225,000	Million yen 16,000	Million yen 17,000	Million yen 12,500	Yen 337.70
Revised forecast (B)	211,000	15,000	16,500	11,900	321.47
Increase/(Decrease) (B-A)	(14,000)	(1,000)	(500)	(600)	—
Percentage increase/(decrease) (%)	(6.2)	(6.3)	(2.9)	(4.8)	—