

July 28, 2023

## CONSOLIDATED FINANCIAL STATEMENTS

<under Japanese GAAP>

For the three-month period ended June 30, 2023

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, 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	%
3-month period ended June 30, 2023	61,946	6.9	3,878	(10.4)	5,493	1.7	3,222	(14.1)
3-month period ended June 30, 2022	57,968	15.2	4,329	8.4	5,399	12.6	3,753	9.1

Note: Comprehensive income

3-month period ended June 30, 2023: ¥ 13,496 million: 9.7%

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

	Net income per share		Net income per share (diluted)	
	Yen		Yen	
3-month period ended June 30, 2023	87.24		—	
3-month period ended June 30, 2022	101.38		—	

#### (2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of June 30, 2023	358,741	236,385	65.3			
As of March 31, 2023	345,878	226,582	64.9			

Note: Shareholders' equity

As of June 30, 2023 ¥ 234,180 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
FY2022	Yen —	Yen 60.00	Yen —	Yen 70.00	Yen 130.00
FY2023	—	—	—	—	—
FY2023 (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, 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
6-month period ending September 30, 2023	125,000	5.1	7,600	(9.3)	8,300	(16.1)	5,800	(14.2)	156.62
12-month period ending March 31, 2024	255,000	1.4	19,000	0.1	19,900	(5.1)	14,400	4.8	388.85

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, 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 June 30, 2023: 1,547,121 shares

As of March 31, 2023: 1,248,696 shares

- 3 Average number of shares during the period

As of June 30, 2023: 36,935,540 shares

As of June 30, 2022: 37,017,864 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, 2023, the outlook for the global economy remained unclear due to various factors including the skyrocketing prices of energy and raw materials due to the prolonged situation in Russia and Ukraine and other factors, and monetary tightening measures in response to global inflation.

While economic and social activities in Japan continue to normalize as COVID-19 was downgraded to Class 5 in the Infectious Disease Act, and inbound tourism demand is also starting to rebound, the economic recovery has been gradual due to various factors including the rising cost of living and the skyrocketing prices of raw materials and energy.

In this environment, orders received by the Tsubaki Group for this three-month period were down 1.5% year on year to ¥64,777 million, and net sales increased 6.9% year on year to ¥61,946 million.

Operating income decreased 10.4% year on year to ¥3,878 million, and ordinary income increased 1.7% year on year to ¥5,493 million, while net income attributable to parent company shareholders decreased 14.1% year on year to ¥3,222 million.

The Tsubaki Group will continue to focus on both developing new businesses that will lead to sustainable growth and strengthening the earning power of our existing businesses, as well as contributing to finding solutions to community problems, 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.

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 decrease of 7.7% in orders received to ¥21,660 million, a 9.2% increase in net sales over the same period to ¥23,033 million, and a year-on-year increase of 31.6% in operating income to ¥4,068 million.

#### [Motion Control]

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

Consequently, the segment recorded a year-on-year decrease of 24.7% in orders received to ¥5,112 million, and a 4.0% increase in net sales over the same period to ¥5,310 million. However, there was a year-on-year decrease of 48.2% in operating income to ¥171 million, due to factors such as the impact of a fall in sales in Japan.

#### [Mobility]

In the Mobility segment, despite a decrease in the sales of timing chain systems for automobile engines and other items at bases in the Indian Ocean Rim and China, sales of the same product increased at bases in Japan, 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 9.2% in orders received to ¥20,048 million, an 8.2% increase in net sales over the same period to ¥19,592 million. However, owing to factors such as the impact of a fall in sales at the base in China, operating income declined 8.7% year-on-year to ¥1,375 million.

[Materials Handling Systems]

In the Materials Handling Systems segment, although there was a decrease in sales of systems for the automobile industry and logistics industry in Japan, sales of metalworking chips handling and coolant processing systems increased in 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 5.2% in orders received to ¥17,283 million, and a 1.9% increase in net sales over the same period to ¥13,315 million. However, the segment recorded an operating loss of ¥1,208 million (operating loss of ¥153 million in the same period of the previous fiscal year), due to factors such as a fall in net sales in Japan and an increase in selling, general and administrative expenses.

[Other]

Other orders received decreased 3.2% year on year to ¥672 million, and net sales increased 16.9% over the same period to ¥694 million. Even so, the Group recorded an operating loss of ¥222 million (operating loss of ¥133 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, 2023 were ¥358,741 million, up ¥12,863 million from the end of the previous consolidated fiscal year.

Current assets totaled ¥187,499 million, an increase of ¥5,444 million from the end of the previous consolidated fiscal year. This was partly due to an increase of ¥6,671 million in cash and deposits and an increase of ¥3,574 million in inventories due to an increase in work in process and other factors, despite a decrease of ¥4,276 million in notes and accounts receivables and contract assets.

Non-current assets amounted to ¥171,242 million, up ¥7,418 million from the end of the previous consolidated fiscal year. This was due to various factors such as a ¥5,058 million increase in investments in securities due to a rise in the market value of securities held by the Company, a ¥1,907 million increase in tangible fixed assets, and a ¥417 million increase in intangible fixed assets.

### (Liabilities)

Liabilities were ¥122,355 million, up ¥3,059 million from the end of the previous consolidated fiscal year. This was attributable to various factors such as a ¥3,187 million increase in other current liabilities due to an increase in accrued expenses and other factors, and a ¥2,090 million increase in other non-current liabilities due to an increase in deferred tax liabilities and other factors, all of which outweighed a ¥2,096 million decrease in provision for bonuses.

### (Net assets)

Net assets were ¥236,385 million, up ¥9,803 million from the end of the previous consolidated fiscal year, and the equity ratio was 65.3%. This was attributable to numerous factors, including a ¥6,805 million increase in foreign currency translation adjustments due to exchange rate fluctuations, and a ¥3,464 million increase in valuation difference on available-for-sale securities, despite an increase (decrease in net assets) of ¥1,075 million in treasury stock acquired, etc.

## (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, 2024, currently there is no change in our forecasts announced on May 11, 2023.