

Tsubakimoto Chain Co.

FY2021 Q2 Settlement of Accounts

<Agenda>

Contents	Presenters	Time
<ul style="list-style-type: none">• FY 2021 Second Quarter Results• Power Transmission Operations Initiatives	Kenji Kose President and COO Representative Director	35 mins
<ul style="list-style-type: none">• Q&A	President, Executive Officers in Charge of Business Operations and Financial Affairs	25 mins

November 19, 2021

FY2021 Q2
Settlement of Accounts Business Report

1. FY 2021 Q2 Review Highlights of Consolidated Results

■ Net sales and income increased compared to the same quarter last year, which was heavily impacted by COVID-19. Although net sales fell short of the forecast announced on May 11th, income targets were achieved.

(Yen, millions)					
	FY 2020	FY 2021	YOY	Forecast (as of May 11, 2021)	
	Q2	Q2	Inc / Dec	Forecast	Inc / Dec
Net sales	88,472	102,518	15.9%	107,000	-4.2%
Operating income	3,042	8,185	169.0%	7,000	16.9%
%	3.4%	8.0%		6.5%	
Ordinary income	3,982	9,156	129.9%	7,700	18.9%
Net income	3,090	6,624	114.4%	6,000	10.4%
Net income per share	83.49 yen	178.96 yen		162.10 yen	—
(Exchange rates 1 USD)	106.93 yen	109.81 yen		107 yen	—
(Exchange rates 1 EUR)	121.34 yen	130.88 yen		130 yen	—
(Exchange rates 1 RMB)	15.37 yen	16.66 yen		16 yen	—

2. FY 2021 Q2 Review Breakdown by Operations

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(Yen, millions)

		FY 2020	FY 2021	YOY	Forecast (as of May 11, 2021)	
		Q2	Q2	Inc / Dec	Forecast	Inc / Dec
Chain	Net sales ^{*1}	29,006	35,348	21.9%	33,000	7.1%
	Operating income	3,045	5,142	68.8%	3,500	46.9%
	%	10.5%	14.5%		10.6%	
Motion Control	Net sales ^{*1}	8,718	9,539	9.4%	10,700	- 10.9%
	Operating income	329	426	29.5%	400	6.5%
	%	3.8%	4.5%		3.7%	
Mobility	Net sales ^{*1}	24,658	32,420	31.5%	36,000	- 9.9%
	Operating income	-55	3,648	—	3,800	- 4.0%
	%	—	11.3%		10.6%	
Materials Handling	Net sales ^{*1}	25,790	25,334	-1.8%	28,400	- 10.8%
	Operating income	286	-221	—	100	—
	%	1.1%	—		0.4%	
Other ^{*2}	Net sales ^{*1}	1,880	1,338	-28.8%	1,100	21.6%
	Operating income	-171	-222	—	-200	—
	%	—	—		—	

*1: Sales figures include internal sales and transfers between segments.

*2: "Other" is not a reportable segment.

*3: From FY2021, a portion of the business previously included in the Motion Control segment has been transferred to the Mobility segment.
FY2020 also reflects this change.

(Yen, millions)

		FY 2020	FY 2021	YOY
		Q2	Q2	Inc /dec
Americas	Net sales*	25,299	27,778	9.8%
	Operating income	543	1,555	186.1%
	%	2.1%	5.6%	
Europe	Net sales*	9,501	11,904	25.3%
	Operating income	77	545	608.5%
	%	0.8%	4.6%	
Indian Ocean Rim	Net sales*	5,901	8,329	41.1%
	Operating income	512	1,201	134.3%
	%	8.7%	14.4%	
China	Net sales*	7,539	9,693	28.6%
	Operating income	59	641	975.2%
	%	0.8%	6.6%	
South Korea, Taiwan	Net sales*	3,782	5,147	36.1%
	Operating income	-33	219	—
	%	—	4.3%	
Japan	Net sales*	48,214	56,402	17.0%
	Operating income	967	3,796	292.2%
	%	2.0%	6.7%	

*Sales figures include internal sales and transfers between segments.

<Actual exchange rates>

	USD	EUR	CAD	AUD	THB	TWD	RMB	KRW	MXN
FY2020 1st half	106.93	121.34	78.72	73.31	3.43	3.60	15.37	0.09	5.05
FY2021 1st half	109.81	130.88	88.30	82.61	3.50	3.92	16.66	0.10	5.34

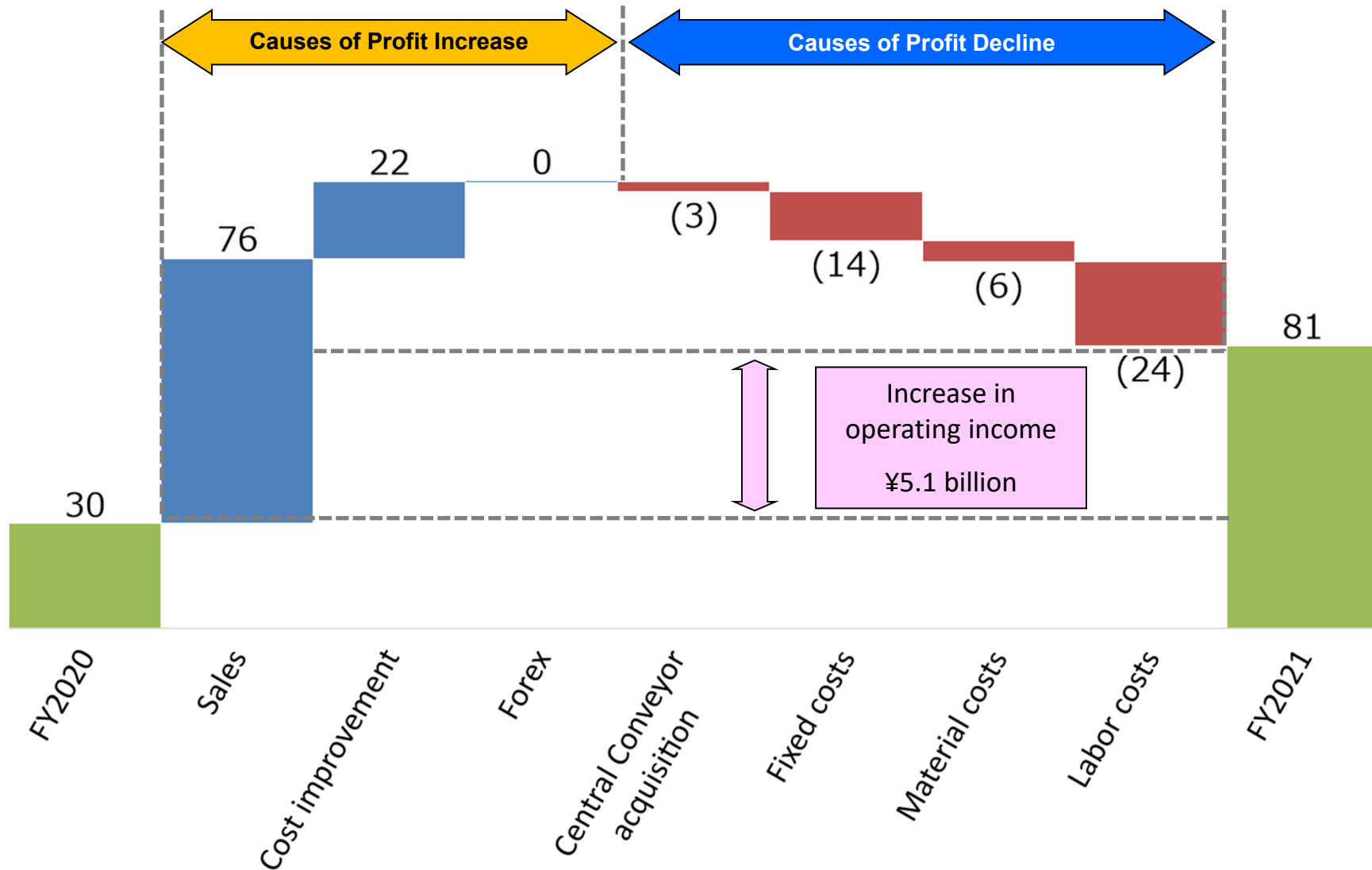
4. FY 2021 Q2 Review

Analysis of Inc/Dec in Consolidated Operating Income

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■ FY 2020-1H vs. FY 2021-1H

(Unit: ¥100 million)

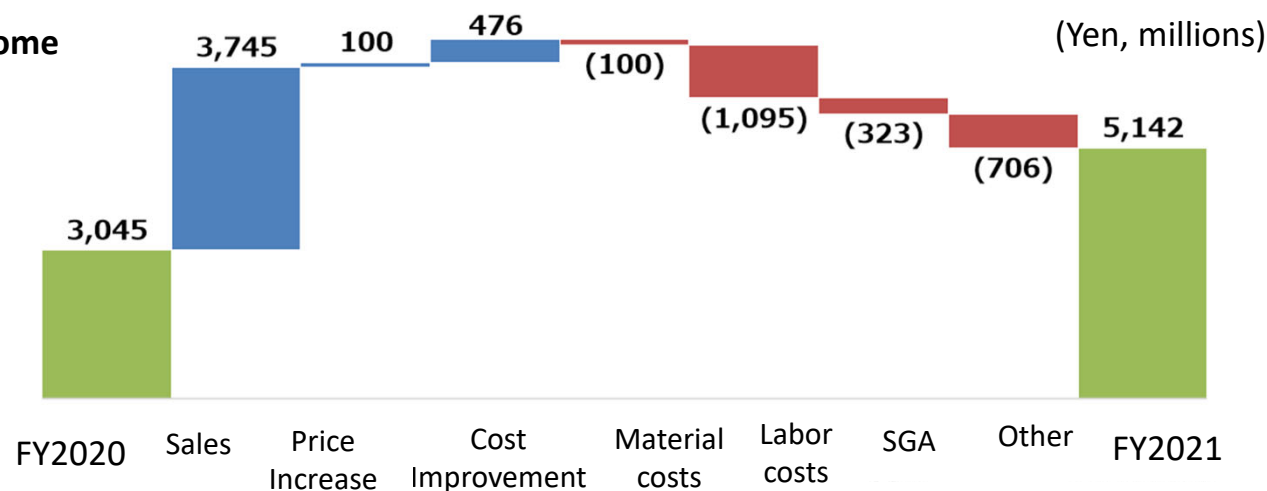


*1: Sales figures include internal sales and transfers between segments.

(Yen, millions)

		FY 2020	FY 2021	YOY	Forecast (as of May 11, 2021)	
		Q2	Q2	Inc / Dec	Forecast	Inc / Dec
Chain	Net sales ^{*1}	29,006	35,348	21.9%	33,000	7.1%
	Operating income	3,045	5,142	68.8%	3,500	46.9%
	%	10.5%	14.5%		10.6%	

Causes of change in operating income



〈YOY〉

Sales and income increased in all regions, recovering from the same period of the previous year, which was affected by the spread of COVID-19 infection.

〈Comparison with May 11 Forecast〉

Sales increased due to strong sales in Japan and the US. Income increased significantly as a result of continued focus on cost reduction.

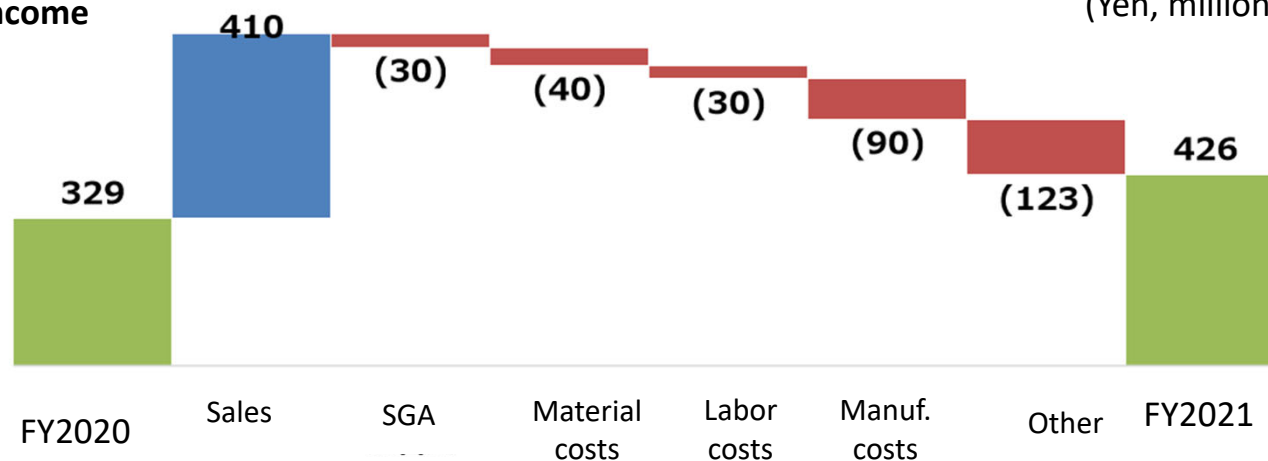
*1: Sales figures include internal sales and transfers between segments.

(Yen, millions)

		FY 2020	FY 2021	YOY	Forecast (as of May 11, 2021)	
		Q2	Q2	Inc / Dec	Forecast	Inc / Dec
Motion Control	Net sales *1	8,718	9,539	9.4%	10,700	-10.9%
	Operating income	329	426	29.5%	400	6.5%
	%	3.8%	4.5%		3.7%	

Causes of change in operating income

(Yen, millions)



〈YOY〉

Sales and income increased in all regions, recovering from the same period of the previous year, which was affected by the spread of COVID-19 infection.

〈 Comparison with May 11 Forecast 〉

Particularly in Japan, we were unable to achieve our sales target due to parts supply difficulties, but we managed to secure income.

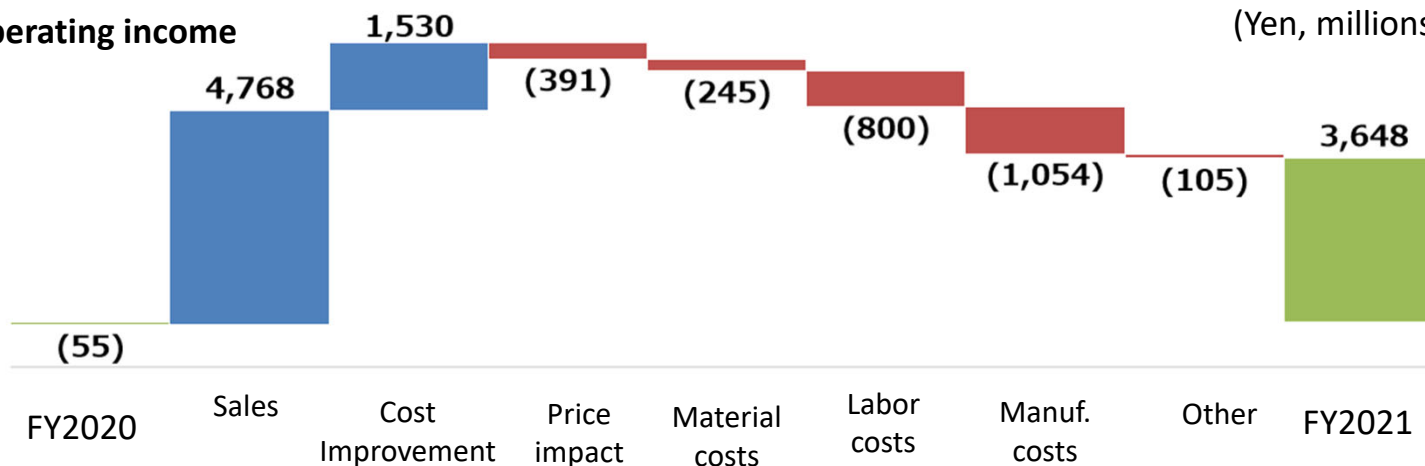
*1: Sales figures include internal sales and transfers between segments.

(Yen, millions)

		FY 2020	FY 2021	YOY	Forecast (as of May 11, 2021)	
		Q2	Q2	Inc / Dec	Forecast	Inc / Dec
Mobility	Net sales *1	24,658	32,420	31.5%	36,000	-9.9%
	Operating income	-55	3648	—	3800	-4.0%
	%	—	11.3%		10.6%	

Causes of change in operating income

(Yen, millions)



〈YOY〉

Sales and income increased in all regions, recovering from the same period of the previous year, which was affected by the spread of COVID-19.

〈Comparison with May 11 Forecast〉

Although we missed the sales target due to the decrease in automobile production caused by the shortage of semiconductors, operating income of 11.3% exceeded the forecast due to cost reduction efforts.

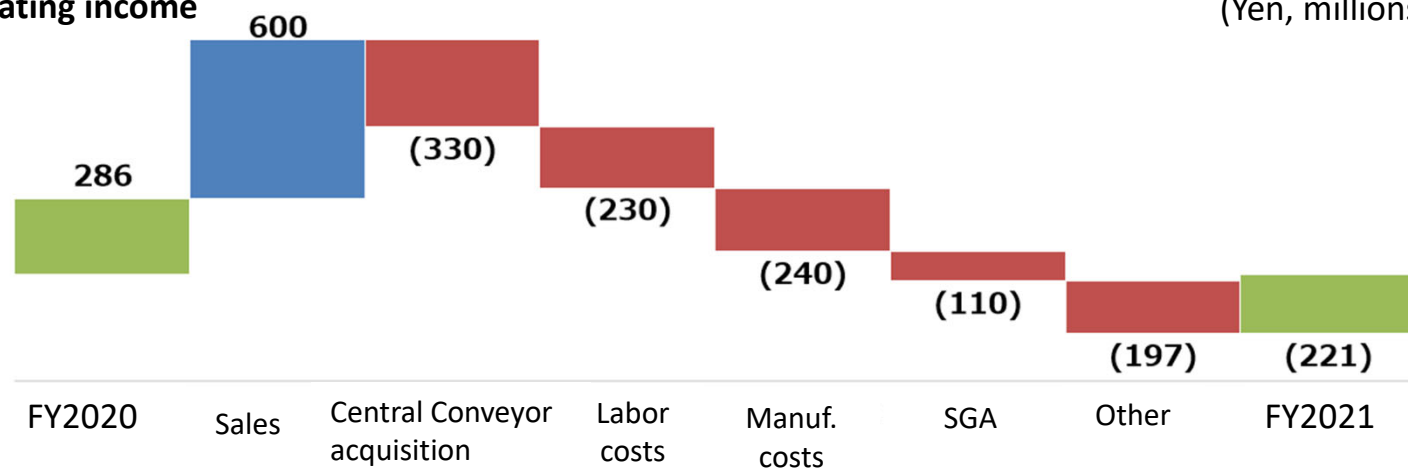
*1: Sales figures include internal sales and transfers between segments.

(Yen, millions)

		FY 2020	FY 2021	YOY	Forecast (as of May 11, 2021)	
		Q2	Q2	Inc / Dec	Forecast	Inc / Dec
Materials Handling	Net sales ^{*1}	25,790	25,334	- 1.8%	28,400	-10.8%
	Operating income	286	-221	—	100	—
	%	1.1%	—		0.4%	

Causes of change in operating income

(Yen, millions)



〈YOY〉

Although sales of automatic sorting machines and bulk system conveyors remained strong in Japan, global sales declined slightly due to a large-scale project in the U.S. in the previous fiscal year.

〈Comparison with May 11 Forecast〉

Missed sales and income targets due to the loss of a project in the U.S. and booking of additional construction costs.

FY2021 Consolidated Forecast

- Downward revision of forecast (announced on October 29, 2021) due to decrease in automobile production caused by semiconductor shortage.

(Yen, millions)

	FYE 2020	FYE 2021			YOY
	Actual	1st half (Actual)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec
Net sales	193,399	102,518	108,482	211,000	9.1%
Operating income	8,896	8,185	6,815	15,000	68.6%
%	4.6%	8.0%	6.3%	7.1%	
Ordinary income	11,026	9,156	7,344	16,500	49.6%
Net income	8,706	6,624	5,276	11,900	36.7%
Net income per share	235.23 yen	178.96 yen	142.51 yen	321.47 yen	—
(Exchange rates 1 US\$)	106.10 yen			111.00 yen	—
(Exchange rates 1 EUR)	123.76 yen			130.00 yen	—
(Exchange rates 1 RMB)	15.48 yen			16.50 yen	—

(Yen, millions)

		FY 2020	FY 2021			YOY
		Actual	1st half (Actual)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec
Chain	Net sales ^{*1}	61,312	35,348	34,652	70,000	14.2%
	Operating income	7,862	5,142	3,958	9,100	15.7%
	%	12.8%	14.5%	11.4%	13.0%	
Motion Control	Net sales ^{*1}	18,024	9,539	11,261	20,800	15.4%
	Operating income	747	426	674	1,100	47.3%
	%	4.1%	4.5%	6.0%	5.3%	
Mobility	Net sales ^{*1}	59,450	32,420	33,380	65,800	10.7%
	Operating income	3,782	3,648	2,252	5,900	56.0%
	%	6.4%	11.3%	6.7%	9.0%	
Materials Handling	Net sales ^{*1}	53,618	25,334	29,666	55,000	2.6%
	Operating income	-2,202	-221	821	600	—
	%	—	—	2.8%	1.1%	
Other ^{*2}	Net sales ^{*1}	3,941	1,338	1,162	2,500	- 36.6%
	Operating income	-330	-222	-178	-400	—
	%	—	—	—	—	

*1: Sales figures include internal sales and transfers between segments.

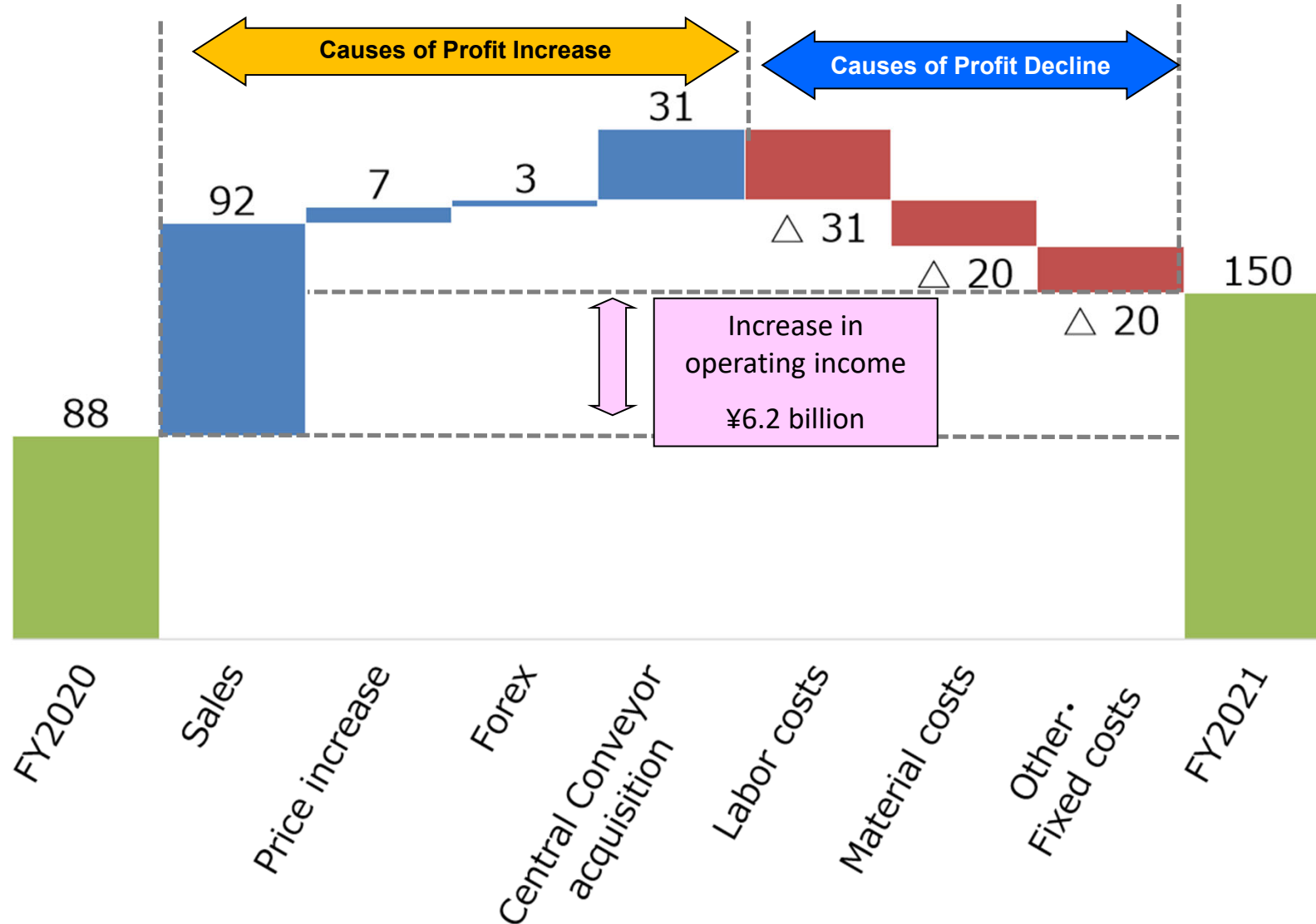
*2: "Other" is not a reportable segment.

*3: From FY2021, a portion of the business previously included in the Motion Control segment has been transferred to the Mobility segment.
FY2020 also reflects this change.

Analysis of Inc/Dec in Consolidated Operating Income

FY2020 Actuals vs. FY2021 Forecast

(Unit: ¥100 million)



9. FY 2021 Chain Operations Forecast

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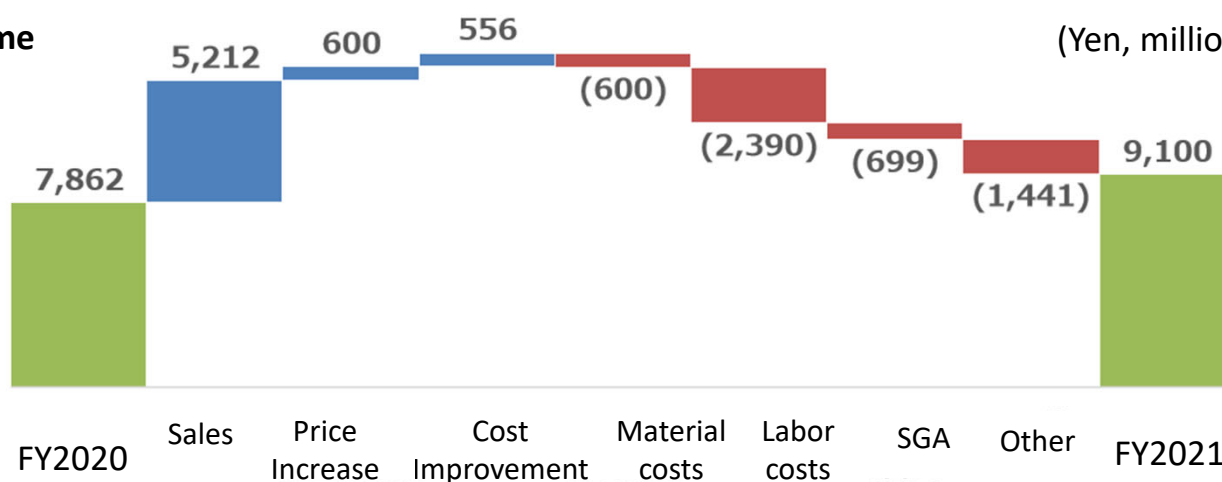
*1: Sales figures include internal sales and transfers between segments.

(Yen, millions)

		FY 2020	FY 2021			YOY	Forecast (as of May 11, 2021)	
		Actual	1st half (Actual)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec	Forecast	Inc / Dec
Chain	Net sales ^{*1}	61,312	35,348	34,652	70,000	14.2%	65,800	6.4%
	Operating income	7,862	5,142	3,958	9,100	15.7%	6,700	35.8%
	%	12.8%	14.5%	11.4%	13.0%		10.2%	

Causes of change in operating income

(Yen, millions)



〈YOY〉

Although demand will settle down in the 2nd half of the year, it will remain strong in all regions. Sales and income are expected to increase.

〈Comparison with May 11 Forecast〉

Despite the increase in costs associated with the increase in sales, we continue to focus on cost reduction. Both sales and income were revised upward.

9. FY 2021 Motion Control Operations Forecast

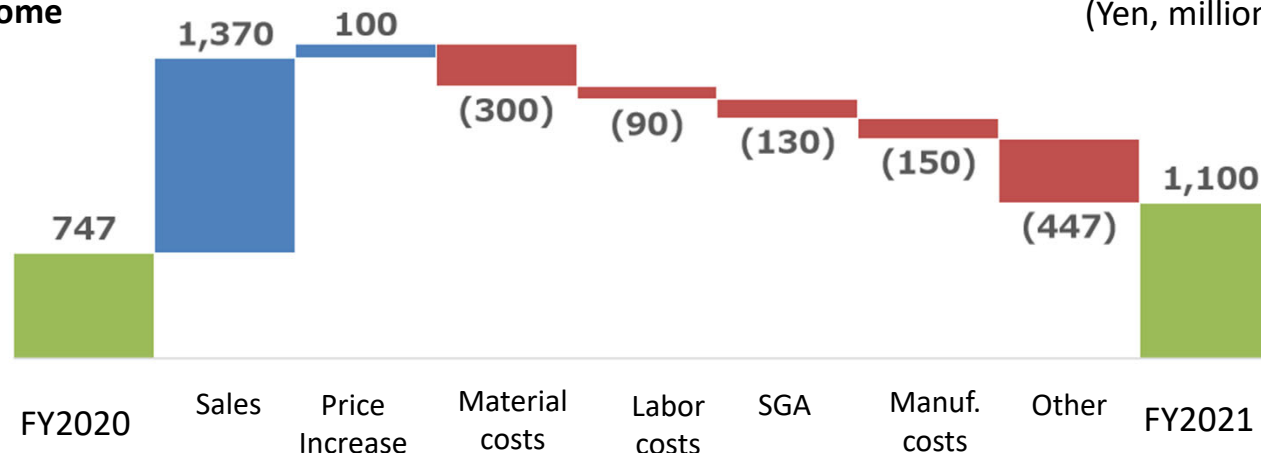
*1: Sales figures include internal sales and transfers between segments.

(Yen, millions)

		FY 2020	FY 2021			YOY	Forecast (as of May 11, 2021)	
		Actual	1st half (Actual)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec	Forecast	Inc / Dec
Motion Control	Net sales ^{*1}	18,024	9,539	11,261	20,800	15.4%	22,100	-5.9%
	Operating income	747	426	674	1,100	47.3%	1,300	-15.4%
	%	4.1%	4.5%	6.0%	5.3%		5.9%	

Causes of change in operating income

(Yen, millions)



〈YOY〉

As per the first half, sales and income are expected to increase with recovery in all regions.

〈Comparison with May 11 Forecast〉

Sales and income were revised downward slightly, as the company was unable to recover from the impact of parts procurement difficulties in the first half.

9. FY 2021 Mobility Operations Forecast

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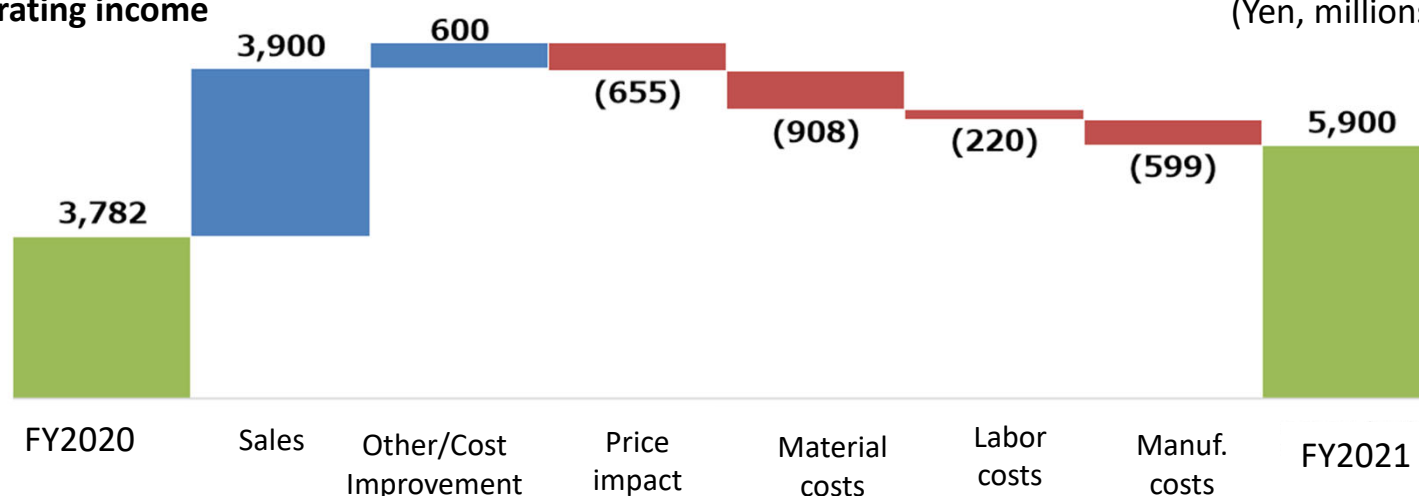
*1: Sales figures include internal sales and transfers between segments.

(Yen, millions)

		FY 2020	FY 2021			YOY	Forecast (as of May 11, 2021)	
		Actual	1st half (Actual)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec	Forecast	Inc / Dec
Mobility	Net sales ^{*1}	59,450	32,420	33,380	65,800	10.7%	72,300	-9.0%
	Operating income	3,782	3,648	2,252	5,900	56.0%	8,000	-26.3%
	%	6.4%	11.3%	6.7%	9.0%		11.1%	

Causes of change in operating income

(Yen, millions)



〈YOY〉

Sales and income are expected to increase due to a recovery in global sales volume, which declined due to the spread of COVID-19.

〈Comparison with May 11 Forecast〉

Although the impact of the semiconductor shortage is expected to disappear in the second half of the fiscal year, it will not be enough to cover the decline in the first half of the fiscal year, resulting in lower sales and income.

9. FY 2021 Materials Handling Operations Forecast

*1: Sales figures include internal sales and transfers between segments.

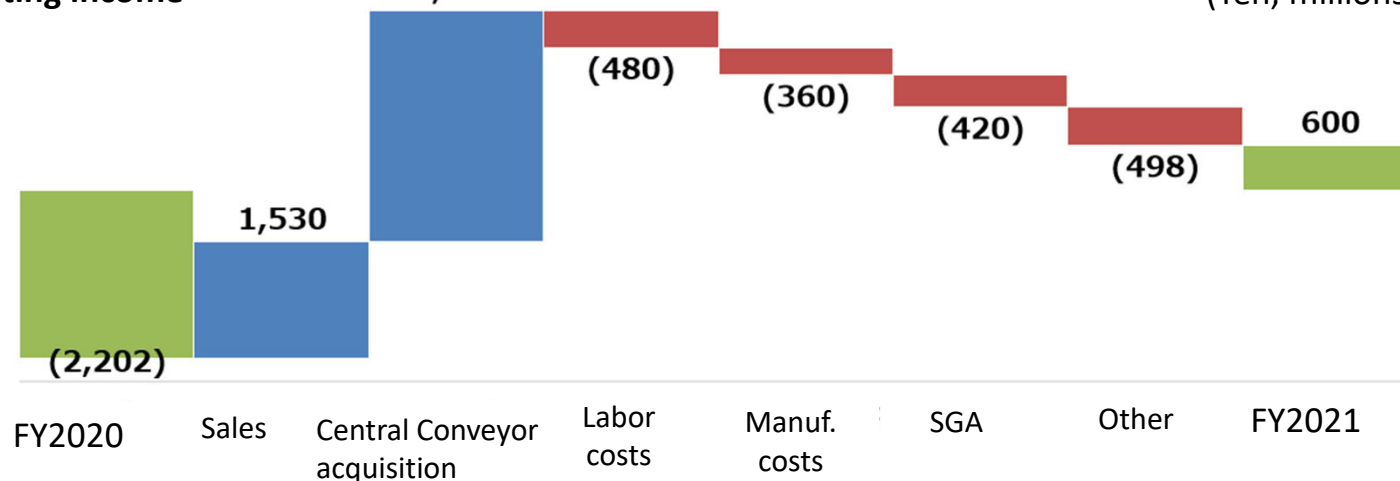
(Yen, millions)

		FY 2020	FY 2021			YOY	Forecast (as of May 11, 2021)	
		Actual	1st half (Actual)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec	Forecast	Inc / Dec
Materials Handling	Net sales ^{*1}	53,618	25,334	29,666	55,000	2.6%	66,200	-16.9%
	Operating income	-2,202	-221	821	600	—	1,500	-60.0%
	%	—	—	2.8%	1.1%		2.3%	

Causes of change in operating income

3,030

(Yen, millions)



〈YOY〉

Although there will be a decline in sales of systems for the automotive industry in Japan and North America, sales of systems for the logistics industry and bulk-system conveyors will remain strong, and sales and income are expected to increase.

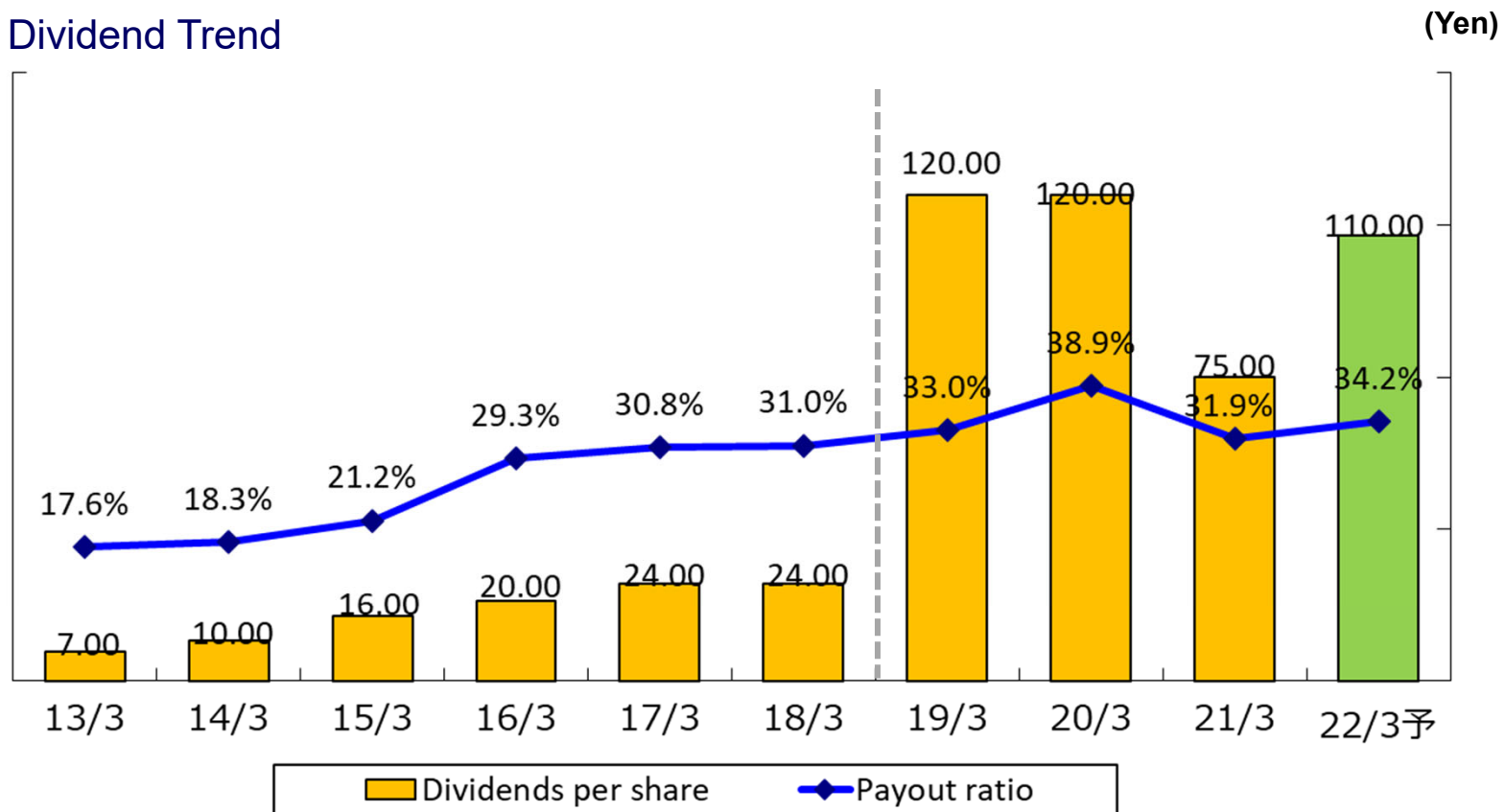
〈Comparison with May 11 Forecast〉

Sales and income are expected to decrease due to lower sales of systems for the automotive industry in North America.

■ Dividend policy

- The company aims to maintain its profit distribution based on the consolidated dividend payout ratio of 30%, under a basic policy of reflecting consolidated results in the dividend.

Dividend Trend



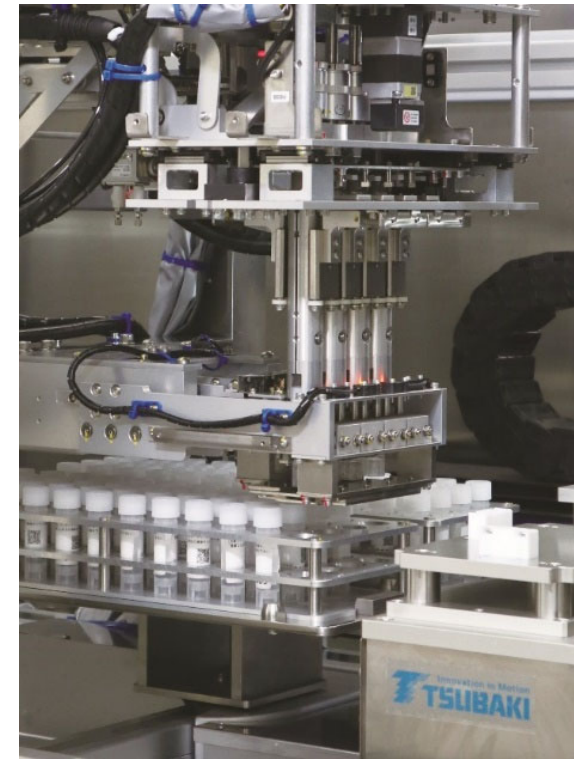
* A share consolidation was implemented on October 1, 2018. The dividend for the fiscal year ending March 31, 2019 was calculated after the consolidation.

Topic:

Power Transmission Operations Initiatives

■ Automated PCR Inspection Pre-processing System 「Tsubaki Labo-ALIS Type-M」

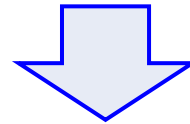
- Implementation of automated PCR inspection pre-processing using saliva samples.
- Completely automated operation from opening and closing inspection containers to transferring specimens
- ★ Reduces risk of infection among inspectors and eliminates testing errors.
- ★ Increases testing volume by simultaneous processing of multiple specimens.
(Capable of testing 13,000 samples per day)



Power Transmission Operations “Mid-Term Plan”

Policy

“Connect” & “Positioning”



Demonstrate Comprehensive Strength of Power Transmission Operations

- ① Management resource sharing and synergy management activities
- ② Matrix management in sales
- ③ Strengthen products and technologies through information sharing

■ Manufacturing Innovation (Chain Operations)



Lean manufacturing in **Kyotanabe 2025**

Innovation of the Kyotanabe Factory to become a "waste-free manufacturing" facility

Concept

Automated Factory Linking IT and Manufacturing

Automation of product realization processes



- Manufacturing:
- Implementation of robots (reduce workload, increase activity with reduced headcount)
 - Utilization of IoT & AI (complete elimination of production loss)
- IT:
- Construction of an integrated system for production information from estimation to shipment (rationalization of indirect operations)

■ Manufacturing Innovation (MC Operations)

“Connect 2025”

Concept

Realization of a **Smart Factory**

“Production efficiency improvement” & “Work style reform”

Smart Factory

Factory with “streamlined manufacturing”

- ① Visible (Real-time visualization of production status and results)
- ② No downtime (Bottleneck prediction and priority handling)
- ③ Connected (Information sharing and collaboration between each department and process)

This reference document describes our business plans and our earnings outlook. The content of this document is based on current information available to our company and on certain assumptions determined as reasonable. It is not intended to represent a performance commitment.

Note that actual results may differ from the earnings outlook described herein, as the results are dependent upon a variety of variables.