

Tsubakimoto Chain Co. FY2021 Settlement of Accounts Presentation Meeting

<Agenda>

Contents	Presenters	Time
<ul style="list-style-type: none">• FY2021 Full Year Settlement of Accounts Business Report• Other topics	Kenji Kose President and COO Representative Director	40 mins

FY2021 Full Year Settlement of Accounts Business Report

1. Highlights of Consolidated Results

- Net sales and income increased year-on-year. Operating margin improved to 8.3%.

(Yen, millions)

	FY 2020	FY 2021	YOY	Forecast (as of Oct 29, 2021)	
	Actual	Actual	Inc / Dec	Forecast	Inc / Dec
Net sales	193,399	215,879	11.6%	211,000	2.3%
Operating income	8,896	17,842	100.5%	15,000	19.0%
%	4.6%	8.3%		7.1%	
Ordinary income	11,026	20,045	81.8%	16,500	21.5%
Net income	8,706	14,543	67.0%	11,900	22.2%
Net income per share	235.23 yen	392.88 yen		321.47 yen	—
(Exchange rates 1 USD)	106.10 yen	112.40 yen		111 yen	—
(Exchange rates 1 EUR)	123.76 yen	130.55 yen		130 yen	—
(Exchange rates 1 RMB)	15.48 yen	17.04 yen		17 yen	—
	Actual	Actual			
ROE	4.8%	7.4%	Net income/Average return on equity during term		

2. Breakdown by Operations

(Yen, millions)

		FY 2020	FY 2021	YOY	Forecast (as of Oct 29, 2021)	
		Actual	Actual	Inc / Dec	Forecast	Inc / Dec
Chain	Net sales ^{*1}	61,312	74,174	21.0%	70,000	6.0%
	Operating income	7,862	11,005	40.0%	9,100	20.9%
	%	12.8%	14.8%		13.0%	
Motion Control	Net sales ^{*1}	18,024	19,906	10.4%	20,800	- 4.3%
	Operating income	747	1,129	51.1%	1,100	2.6%
	%	4.1%	5.7%		5.3%	
Mobility	Net sales ^{*1}	59,450	66,027	11.1%	65,800	0.3%
	Operating income	3,782	6,568	73.6%	5,900	11.3%
	%	6.4%	9.9%		9.0%	
Materials Handling	Net sales ^{*1}	53,618	55,728	3.9%	55,000	1.3%
	Operating income	(2,202)	799	—	600	33.2%
	%	—	1.4%		1.1%	
Other ^{*2}	Net sales ^{*1}	3,941	3,074	-22.0%	2,500	23.0%
	Operating income	(330)	(442)	—	(400)	—
	%	—	—		—	

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

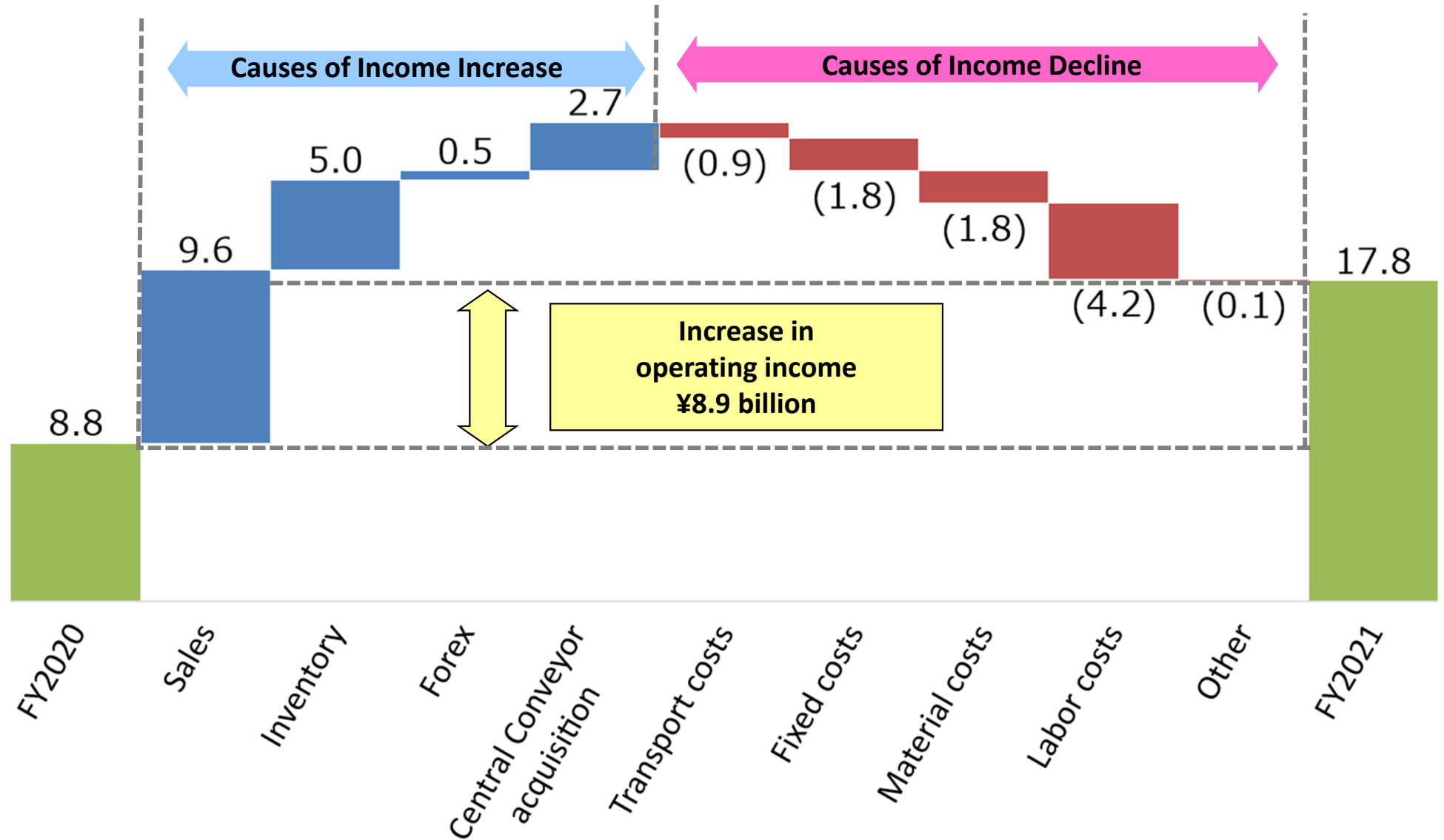
*2: "Other" is not a reportable segment.

*3: Effective from FY2021, a portion of the business previously included in the Motion Control segment was transferred to the Mobility segment. The reflect this change.

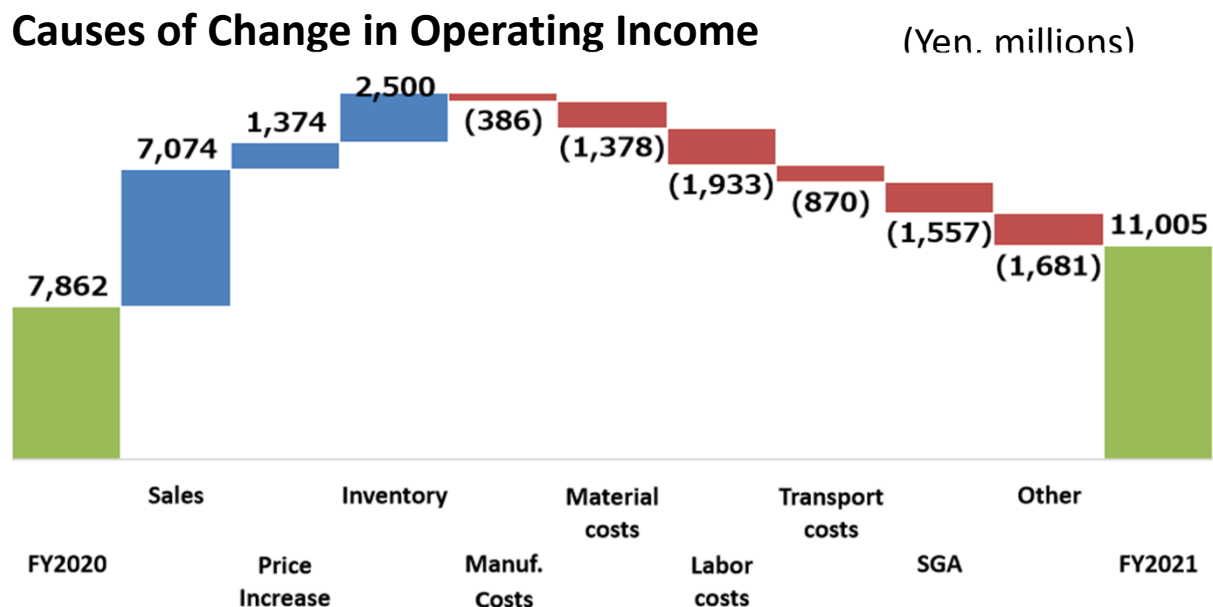
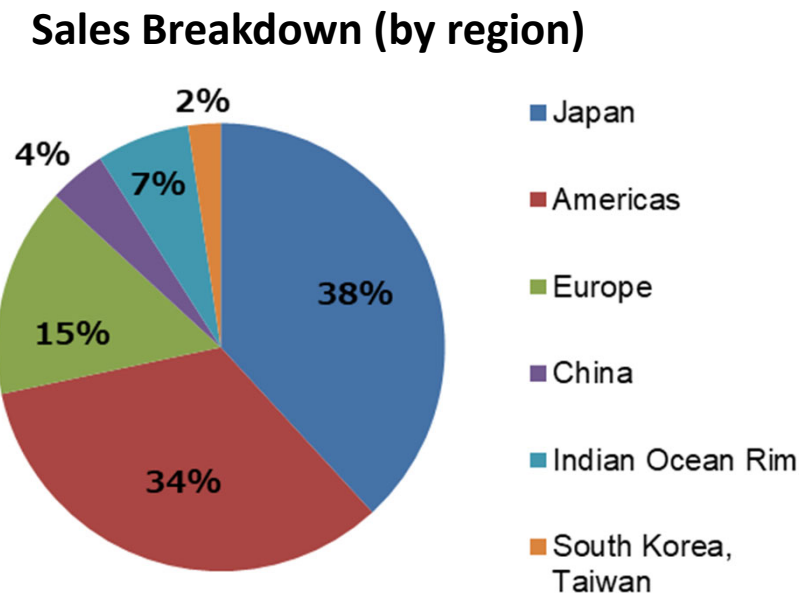
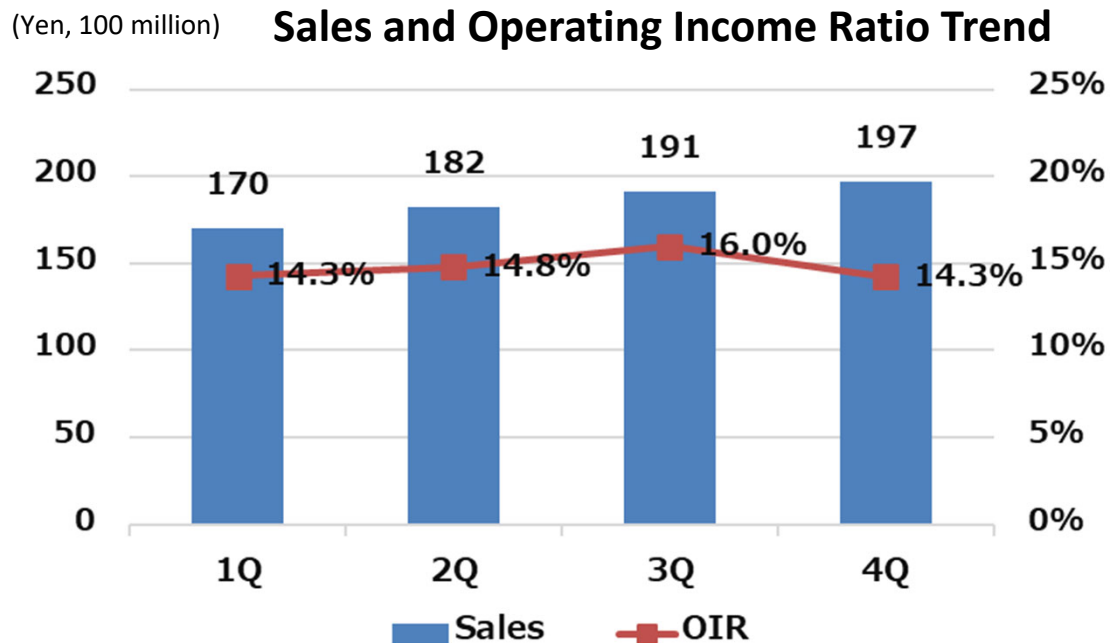
3. Analysis of Inc/(Dec) in Consolidated Operating Income

FY2020 vs. FY2021

(Unit: Billions of yen)



4. Breakdown of Chain Operations



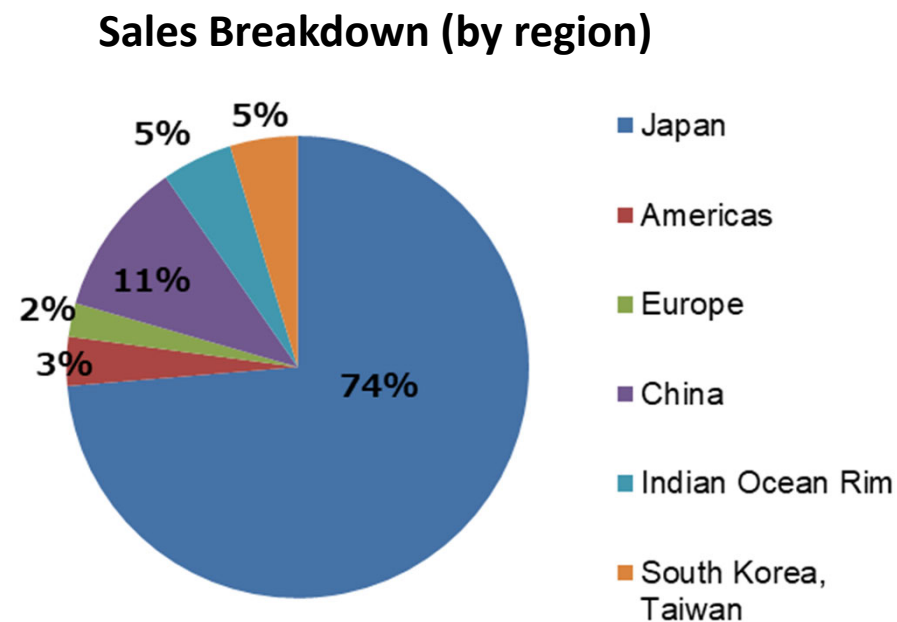
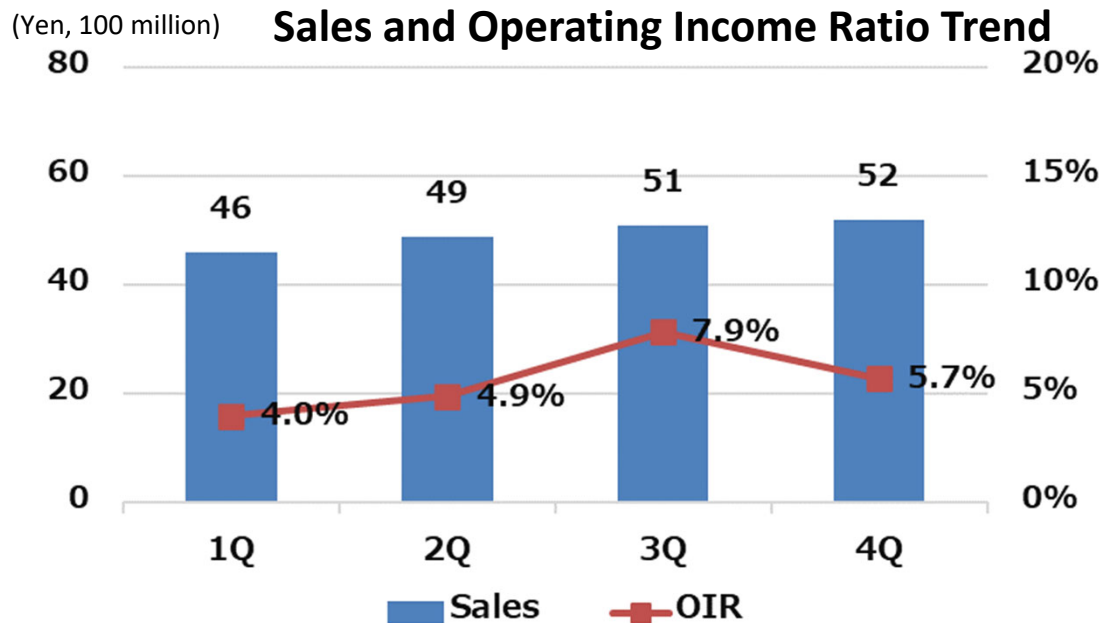
Vs. FY2020

- Strong demand in all regions led to an increase in sales. Sales in North America were particularly strong. Higher transport costs and labor costs in North America, but increased income due to strong sales and cost reductions.

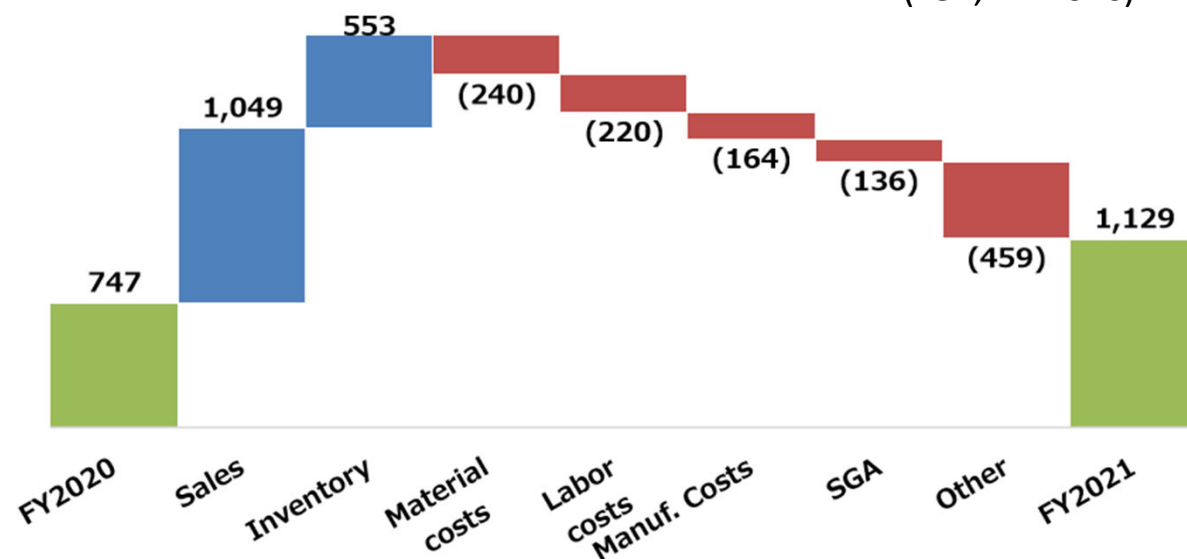
Vs. Forecast

- Sales and income increased by strong sales.

4. Breakdown of Motion Control Operations



Causes of Change in Operating Income (Yen, millions)



Vs. FY2020

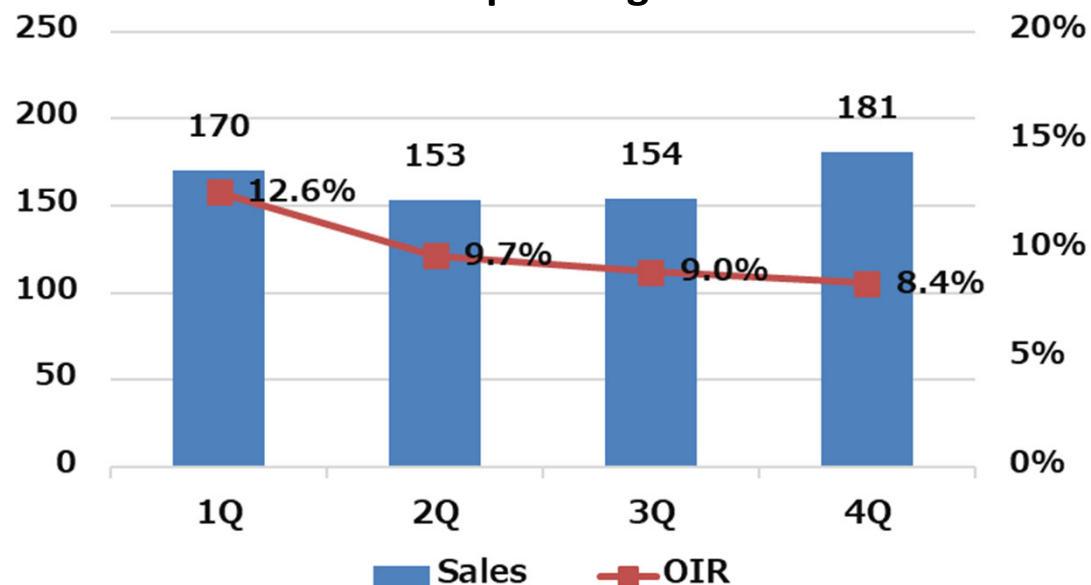
- All regions except the Indian Ocean Rim showed a recovery in demand. In Japan, the machine tool and semiconductor industries were strong.

Vs. Forecast

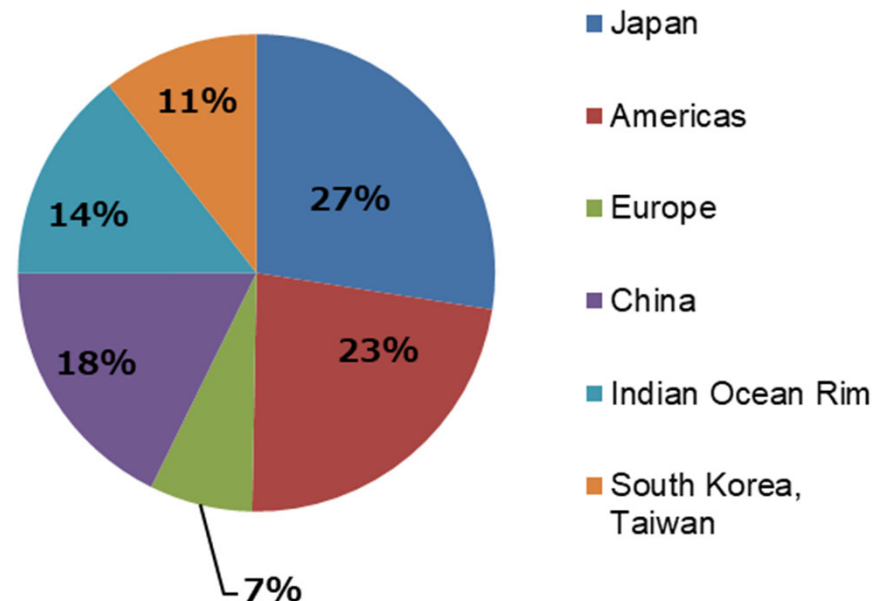
- Sales declined due to prolonged parts supply problems; however, income increased slightly due to cost reduction efforts.

4. Breakdown of Mobility Operations

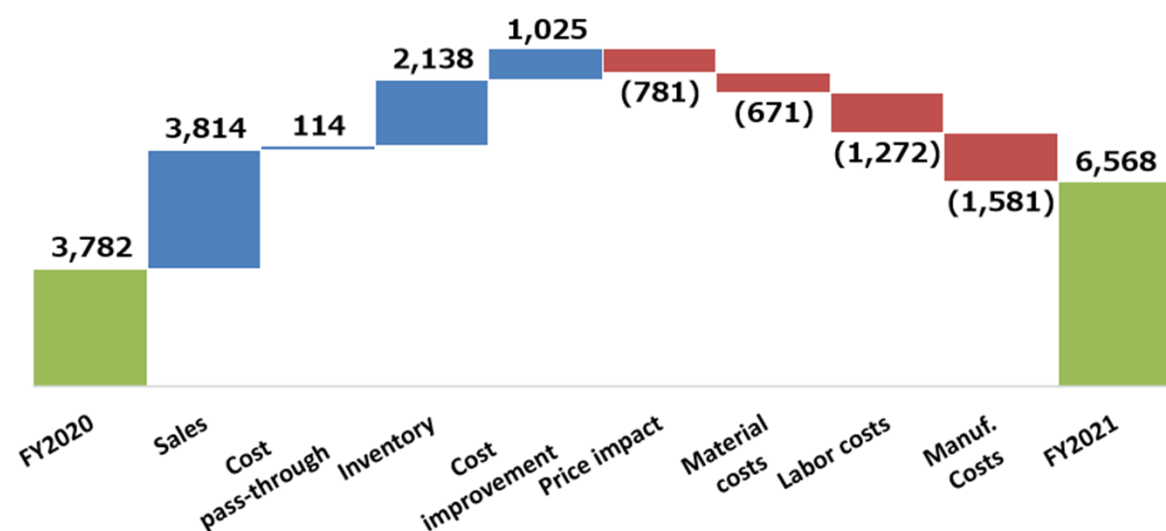
(Yen, 100 million) **Sales and Operating Income Ratio Trend**



Sales Breakdown (by region)



Causes of Change in Operating Income (Yen, millions)



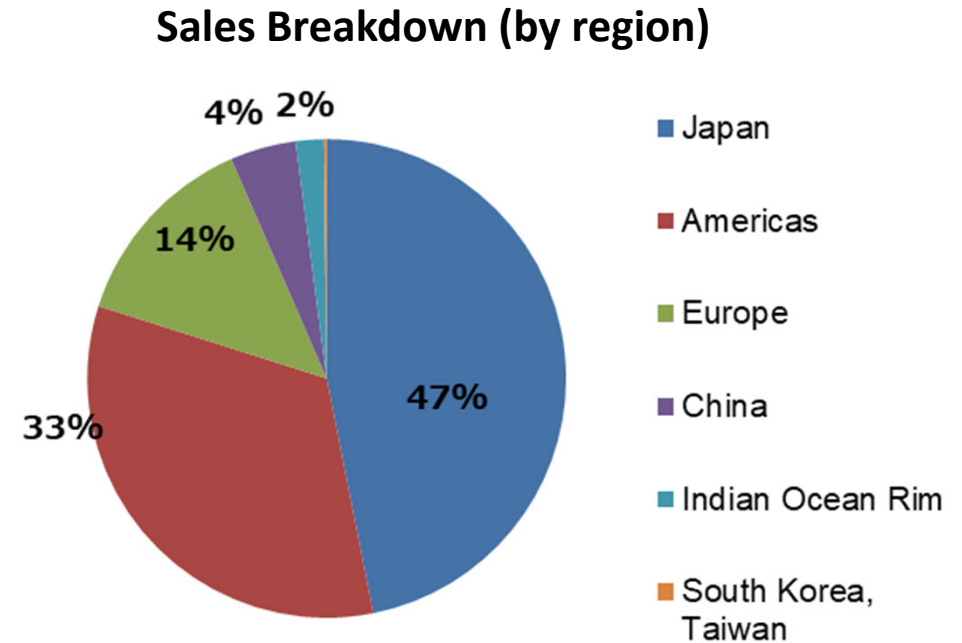
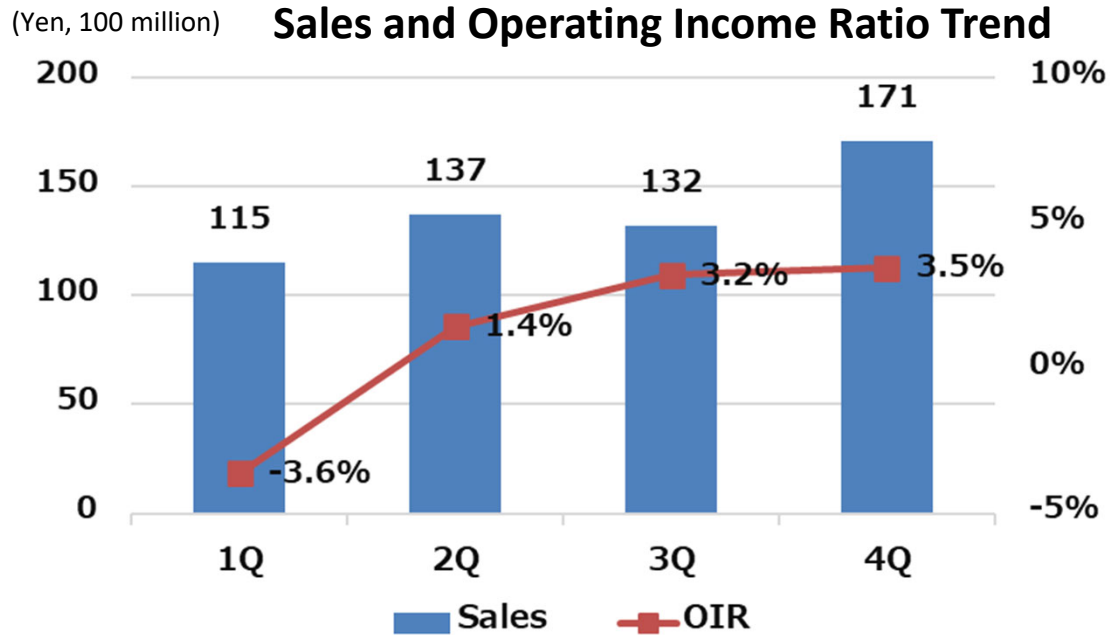
Vs. FY2020

- Sales increased due to recovery in automobile production.
- Income increased due to cost reduction efforts despite rising steel prices and the impact of higher labor costs in North America.

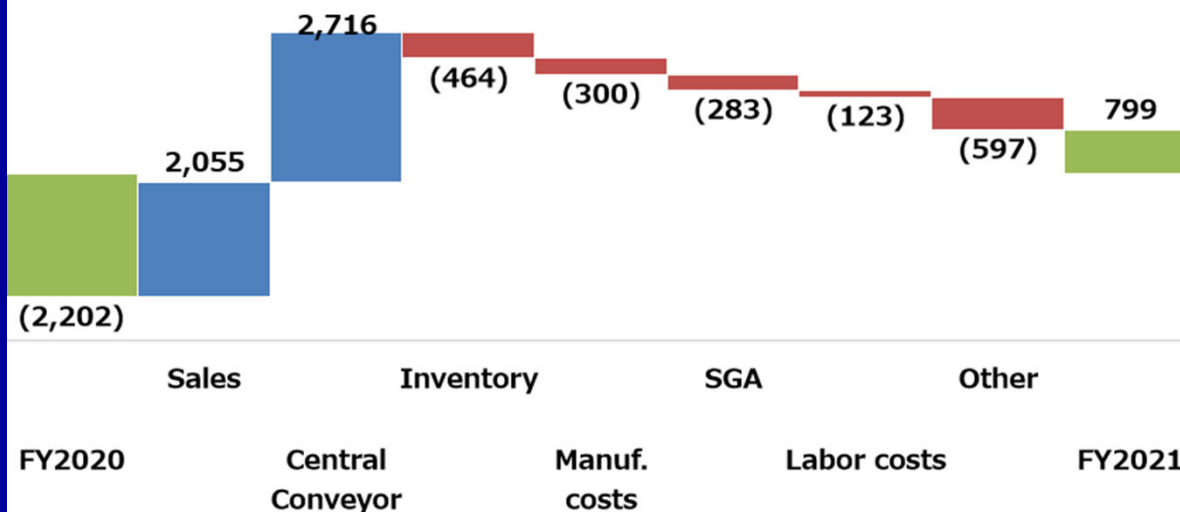
Vs. Forecast

- Sales were in line with forecast, despite the prolonged impact of semiconductor shortages.
- Income increased due to lower-than-expected material price hikes.

4. Breakdown of Materials Handling Operations



Causes of Change in Operating Income (Yen, millions)



Vs. FY2020

- Sales increased due to strong sales of automatic sorting machines and systems for the life science field in Japan.
- Income increased due to higher sales in Japan and decreased additional construction costs in the Americas.

Vs. Forecast

- Sales and income increased due to strong sales of bulk handling system conveyors in Japan.

5. Business Location Results

(Yen, millions)

		FY 2020	FY 2021	YOY
		Actual	Actual	Inc /dec
Americas	Net sales*	53,473	59,484	11.2%
	Operating income	-666	3,026	—
	%	—	5.1%	
Europe	Net sales*	20,267	24,409	20.4%
	Operating income	897	1,255	40.0%
	%	4.4%	5.1%	
Indian Ocean Rim	Net sales*	12,752	16,539	29.7%
	Operating income	1,215	1,970	62.1%
	%	9.5%	11.9%	
China	Net sales*	19,682	22,311	13.4%
	Operating income	1,280	1,686	31.7%
	%	6.5%	7.6%	
South Korea, Taiwan	Net sales*	8,054	10,019	24.4%
	Operating income	-47	312	—
	%	—	3.1%	
Japan	Net sales*	104,416	118,089	13.1%
	Operating income	4,577	8,772	91.6%
	%	4.4%	7.4%	

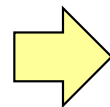
*Sales figures include internal sales and transfers between segments.

<Actual exchange rates>

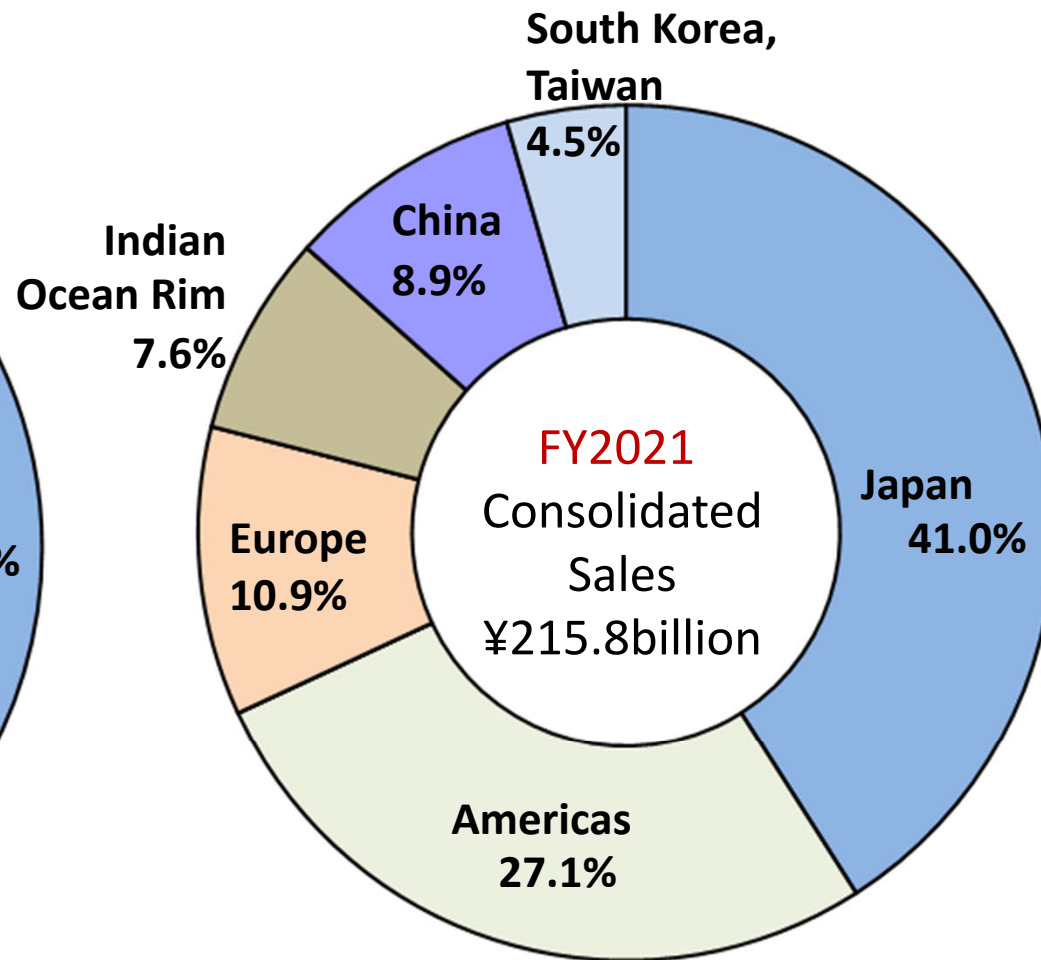
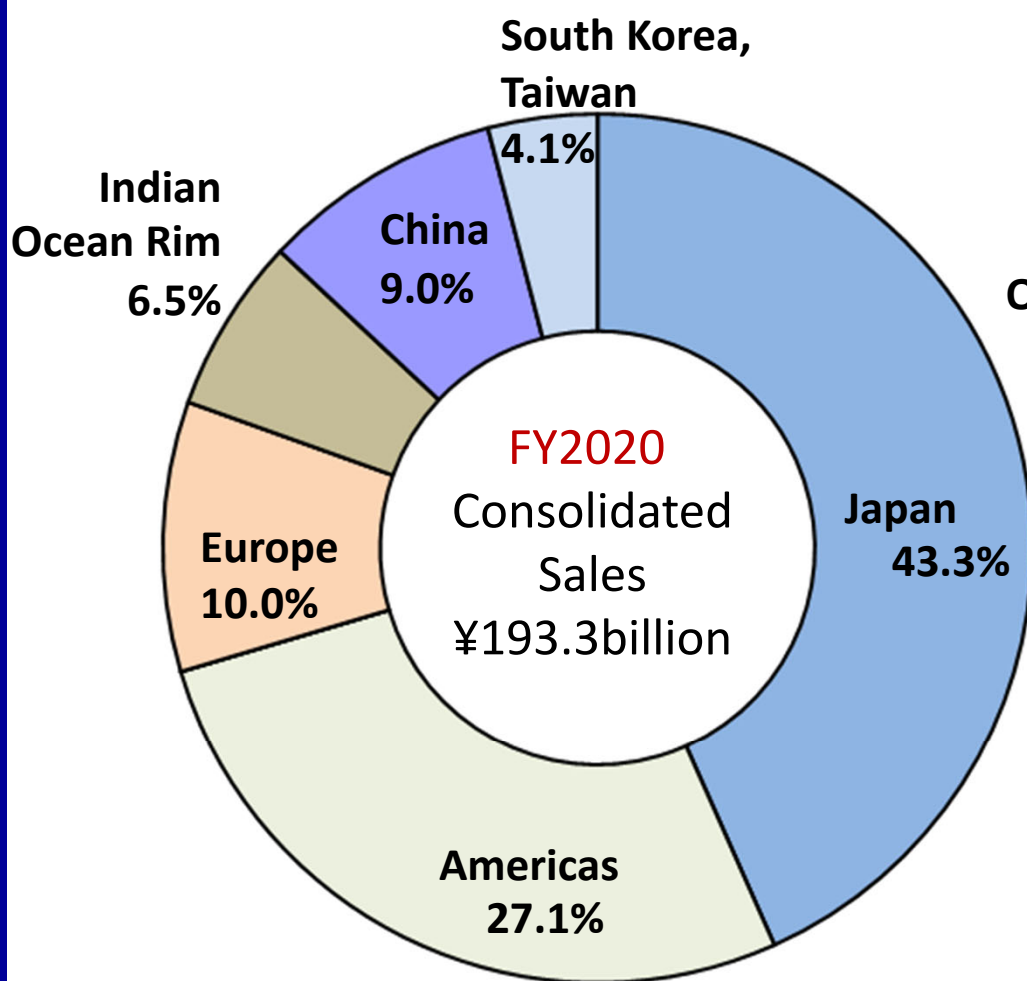
	USD	EUR	CAD	AUD	THB	TWD	RMB	KRW	MXN
FY 2020	106.10	123.76	80.34	76.20	3.42	3.66	15.48	0.09	4.99
FY 2021	112.40	130.55	89.65	83.06	3.44	4.02	17.04	0.10	5.41

6. Regional Sales Breakdown

FY2020
Overseas sales* ratio: 56.7%



FY2021
Overseas sales* ratio: 59.0%



*Sales are based on the location of the customer and classified by country or region.

FY2022 Consolidated Forecast

◇ Power Transmission Operations

1. **Power Transmission East Asia Sales** was renamed to **Power Transmission Sales**.
New Business Development established.
 - **New Business Development & Linear Motion Business Development Departments** established.
2. Established **Manufacturing Innovation Department** in the Chain Division

◇ Mobility Operations

1. Reorganized into **Timing Systems and e-Mobility**

◇ Materials Handling Operations

1. Established **Regen-Med and Maintenance Innovation Projects**

◇ Headquarters and Others

1. Established **DX Business Officer** position
 - Monitoring Business Department was renamed “**DX Business Department**”
2. Established **New Business Development Department**

8. FY2022 Full Year Forecast

■ Forecast to increase sales and income in all segments. Despite a shortage of semiconductors, prolonged parts supply problems, and steel and other cost increases, operating income is forecasted at 20.0 billion yen.

(Yen, millions)

	FY2021	FY2022			YOY
	Actual	1st half (Forecast)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec
Net sales	215,879	117,000	123,000	240,000	11.2%
Operating income	17,842	8,600	11,400	20,000	12.1%
%	8.3%	7.4%	9.3%	8.3%	
Ordinary income	20,045	9,200	11,400	20,600	2.8%
Net income	14,543	6,800	8,100	14,900	2.5%
Net income per share	392.88 yen	183.69 yen	218.81 yen	402.50 yen	—
(Exchange rates 1 US\$)	112.40 yen			120.00 yen	—
(Exchange rates 1 EUR)	130.55 yen			135.00 yen	—
(Exchange rates 1 RMB)	17.04 yen			18.90 yen	—

9. FY2022 Consolidated Forecast by Operation

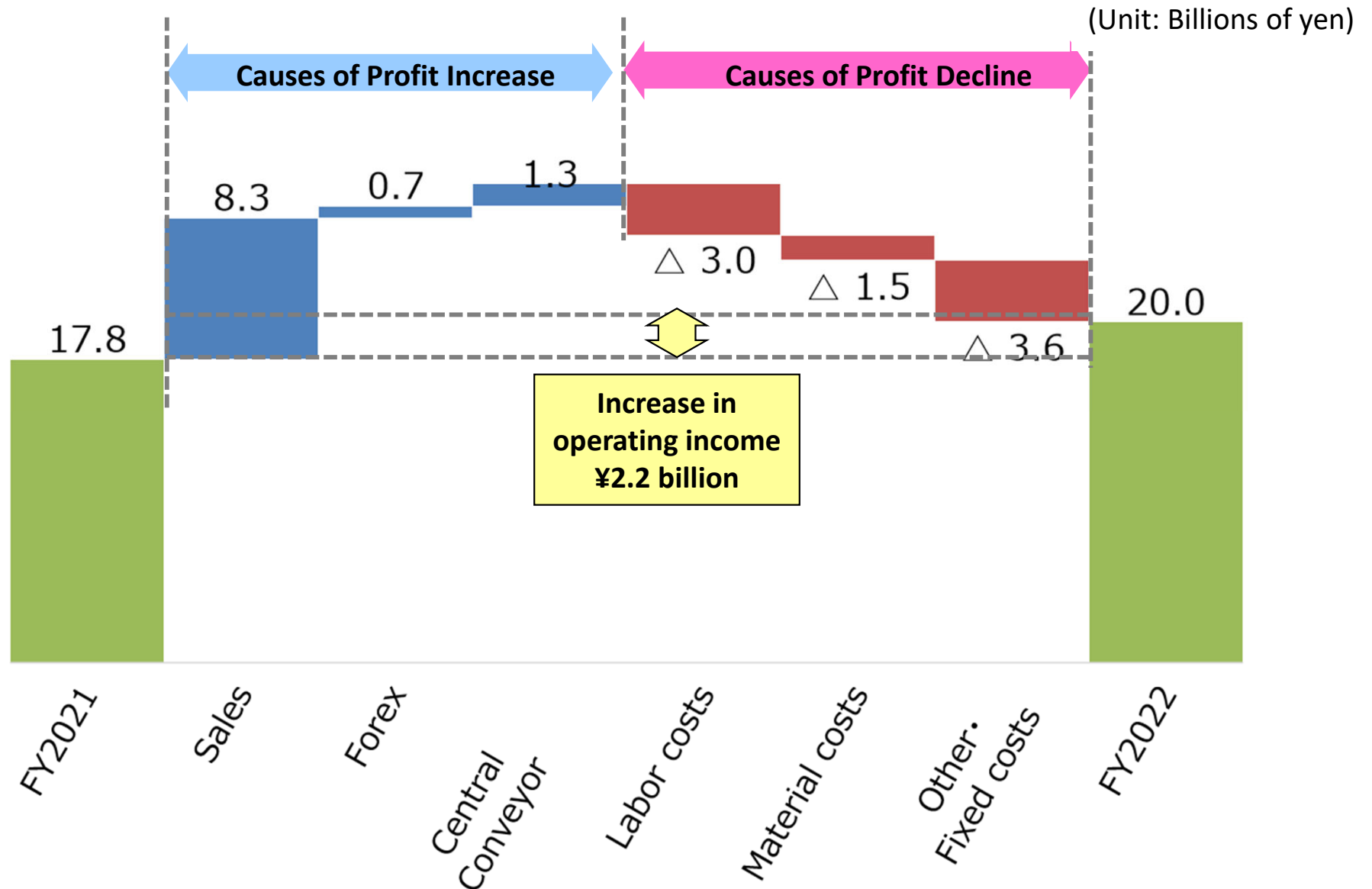
(Yen, millions)

		FY 2021	FY 2022			YOY
		Actual	1st half (Forecast)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec
Chain	Net sales ^{*1}	74,174	38,000	38,000	76,000	2.5%
	Operating income	11,005	5,400	5,100	10,500	- 4.6%
	%	14.8%	14.2%	13.4%	13.8%	
Motion Control	Net sales ^{*1}	19,906	11,000	12,000	23,000	15.5%
	Operating income	1,129	700	1,300	2,000	77.1%
	%	5.7%	6.4%	10.8%	8.7%	
Mobility	Net sales ^{*1}	66,027	38,000	40,000	78,000	18.1%
	Operating income	6,568	3,200	4,600	7,800	18.8%
	%	9.9%	8.4%	11.5%	10.0%	
Materials Handling	Net sales ^{*1}	55,728	30,000	34,000	64,000	14.8%
	Operating income	799	300	1,300	1,600	100.3%
	%	1.4%	1.0%	3.8%	2.5%	
Other ^{*2}	Net sales ^{*1}	3,074	1,000	1,000	2,000	- 34.9%
	Operating income	-442	-300	-200	-500	—
	%	—	—	—	—	

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

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

FY2021 Actual vs FY2022 Forecast

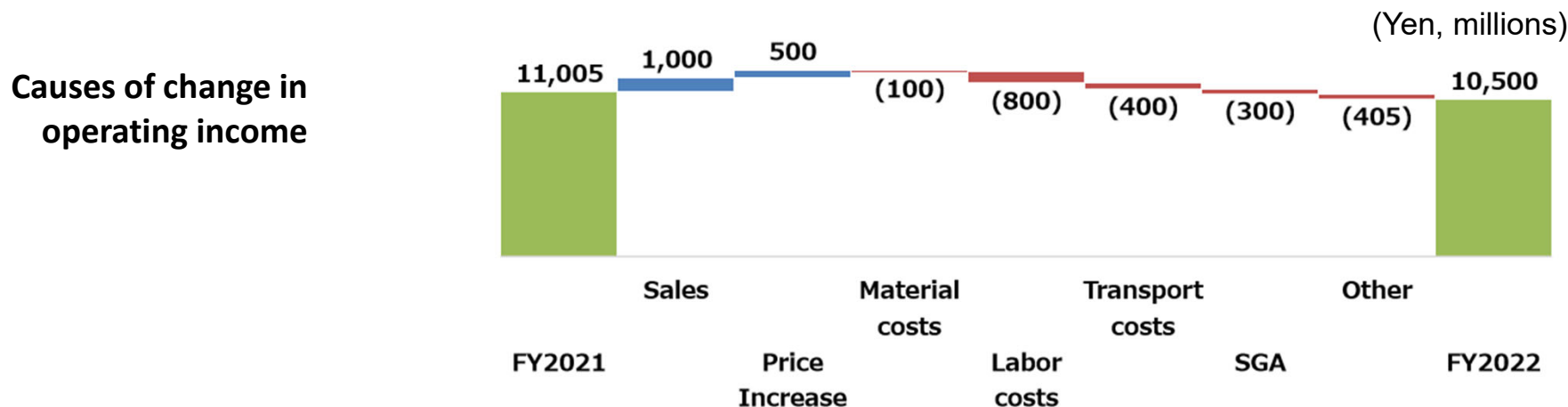


11. FY2022 Chain Operations Forecast

(Yen, millions)

		FY 2021	FY 2022			YOY
		Actual	1st half (Forecast)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec
Chain	Net sales ^{*1}	74,174	38,000	38,000	76,000	2.5%
	Operating income	11,005	5,400	5,100	10,500	- 4.6%
	%	14.8%	14.2%	13.4%	13.8%	

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



Sales

- Despite the strong order backlog, overseas demand, which had been driven by special demand, is expected to slow down and remain at about the same level as last fiscal year.

Operating income

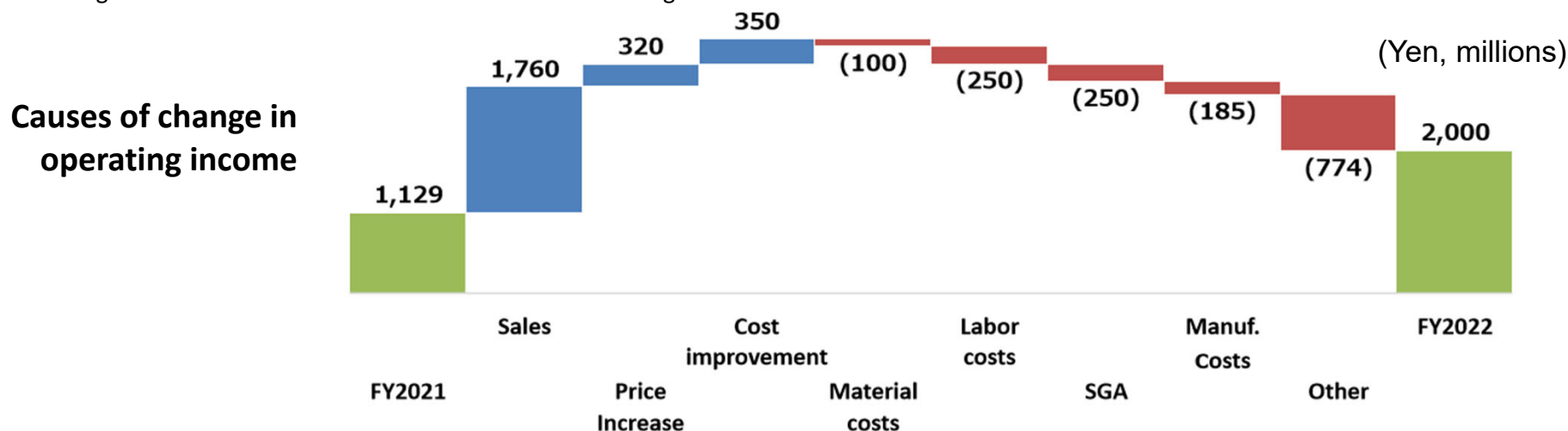
- Although we will continue our efforts to improve production, we expect a drop in income due to the rising cost of steel and higher cost of labor, especially in North America.

11. FY2022 Motion Control Operations Forecast

(Yen, millions)

		FY 2021	FY 2022			YOY
		Actual	1st half (Forecast)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec
Motion Control	Net sales ^{*1}	19,906	11,000	12,000	23,000	15.5%
	Operating income	1,129	700	1,300	2,000	77.1%
	%	5.7%	6.4%	10.8%	8.7%	

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



Sales

- Parts supply problems will continue in the first half of the year, so recovery will be slow, but sales are projected to increase.

Operating income

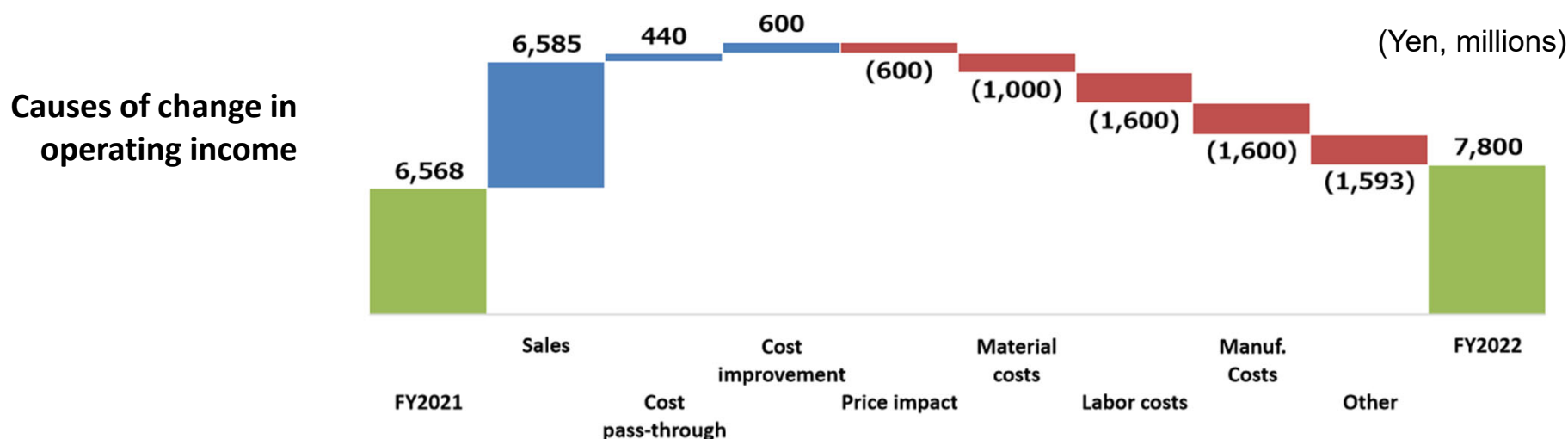
- Despite an increase in parts procurement costs, we expect an increase in profit due to ongoing efforts to improve production.

11. FY2022 Mobility Operations Forecast

(Yen, millions)

		FY 2021	FY 2022			YOY
		Actual	1st half (Forecast)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec
Mobility	Net sales ^{*1}	66,027	38,000	40,000	78,000	18.1%
	Operating income	6,568	3,200	4,600	7,800	18.8%
	%	9.9%	8.4%	11.5%	10.0%	

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



Sales

- Recovery is expected in all regions of Japan, the Americas, Europe, Indian Ocean Rim, China, and South Korea.

Operating income

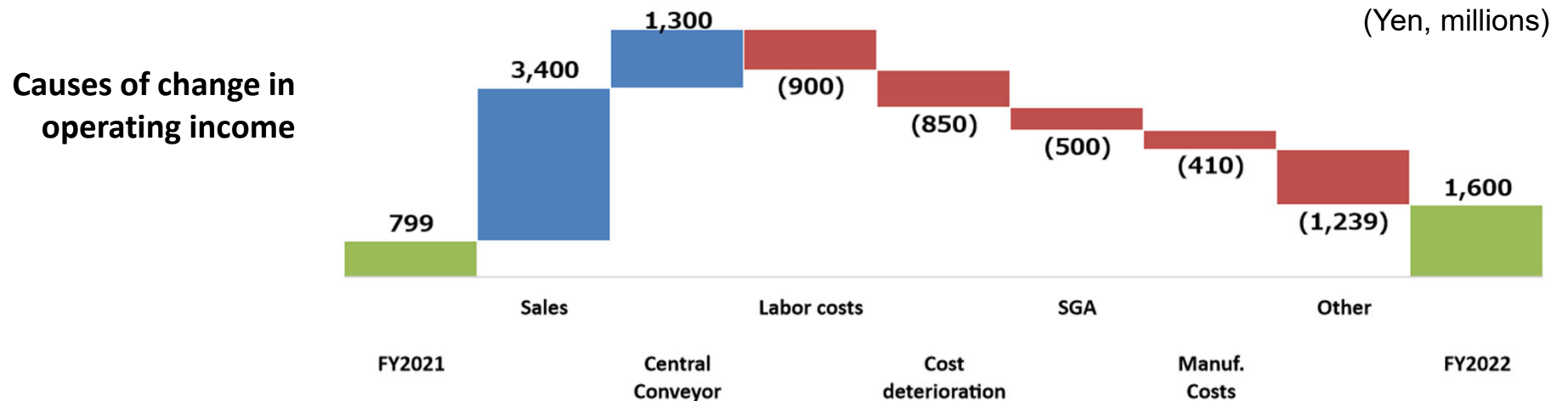
- Income is expected to increase due to sales recovery, but operating income margin is expected to remain almost flat compared to last fiscal year due to higher labor costs in North America.

11. FY2022 Materials Handling Operations Forecast

(Yen, millions)

		FY 2021	FY 2022			YOY
		Actual	1st half (Forecast)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec
Materials Handling	Net sales ^{*1}	55,728	30,000	34,000	64,000	14.8%
	Operating income	799	300	1,300	1,600	100.3%
	%	1.4%	1.0%	3.8%	2.5%	

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



sales

- Sales is expected to increase due to higher sales in each region.

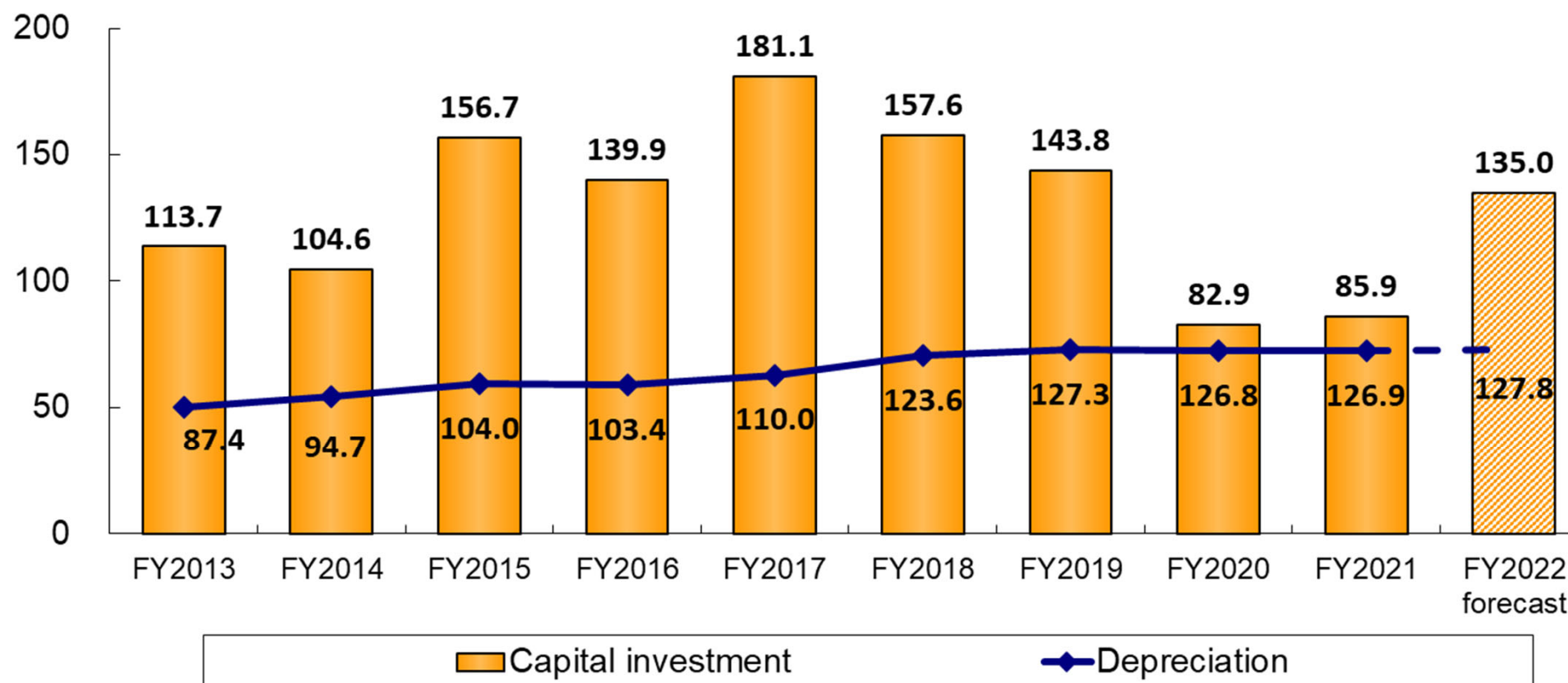
Operating income

- Although income in Materials Handling Division (Tsubakimoto Chain) will decrease due to aggressive investment in new businesses, we expect to see an overall increase in income due to a decrease in losses in the Americas.

- “Capital investment” to strengthen growth potential
 - Investment in more efficient and automated production systems (all operations)

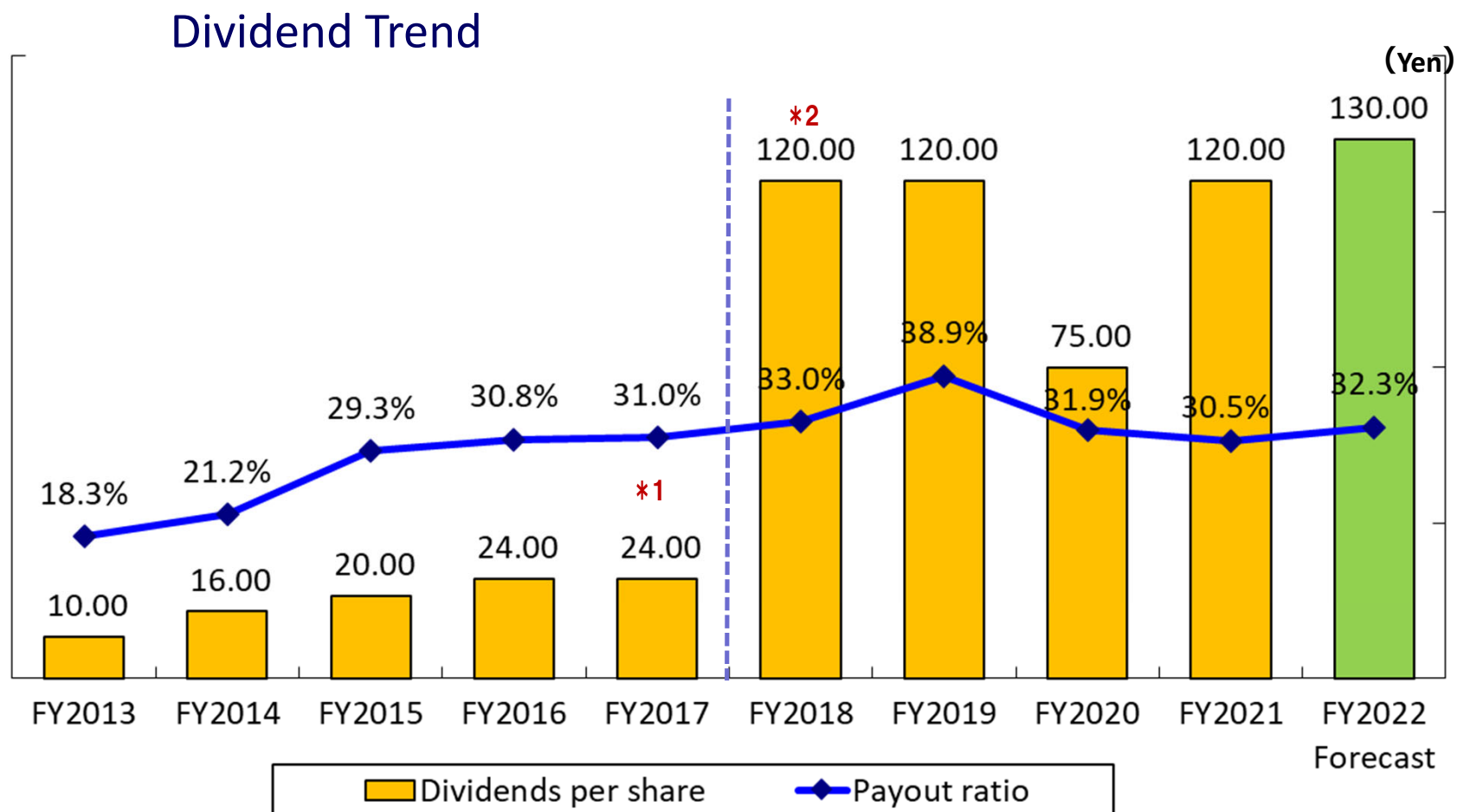
Capital Investment and Depreciation Trend

(Yen, 100 million)



■ Dividend Policy

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



*1: Includes additional 2 yen to commemorate our 100th anniversary. *2: A share consolidation (5 shares → 1 share) was implemented in October '18.

Topics

Tsubaki Group Growth Roadmap

Innovative growth:

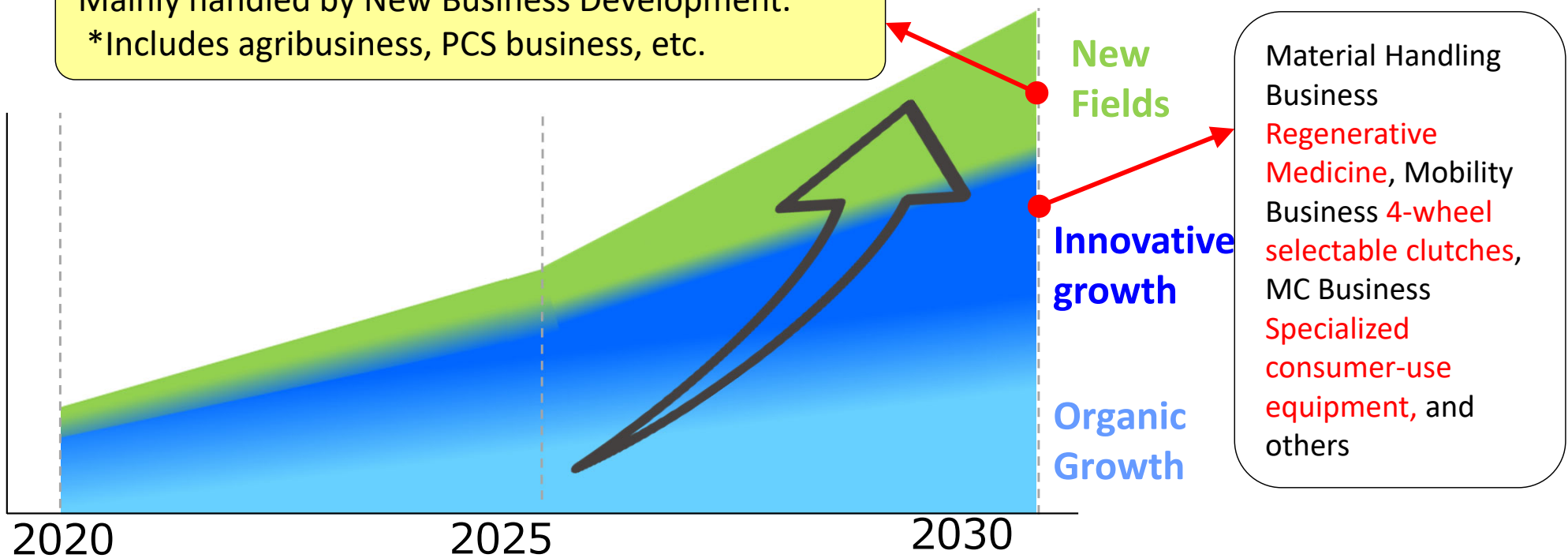
from expansion of conventional business through innovative methods, including M&A

New fields:

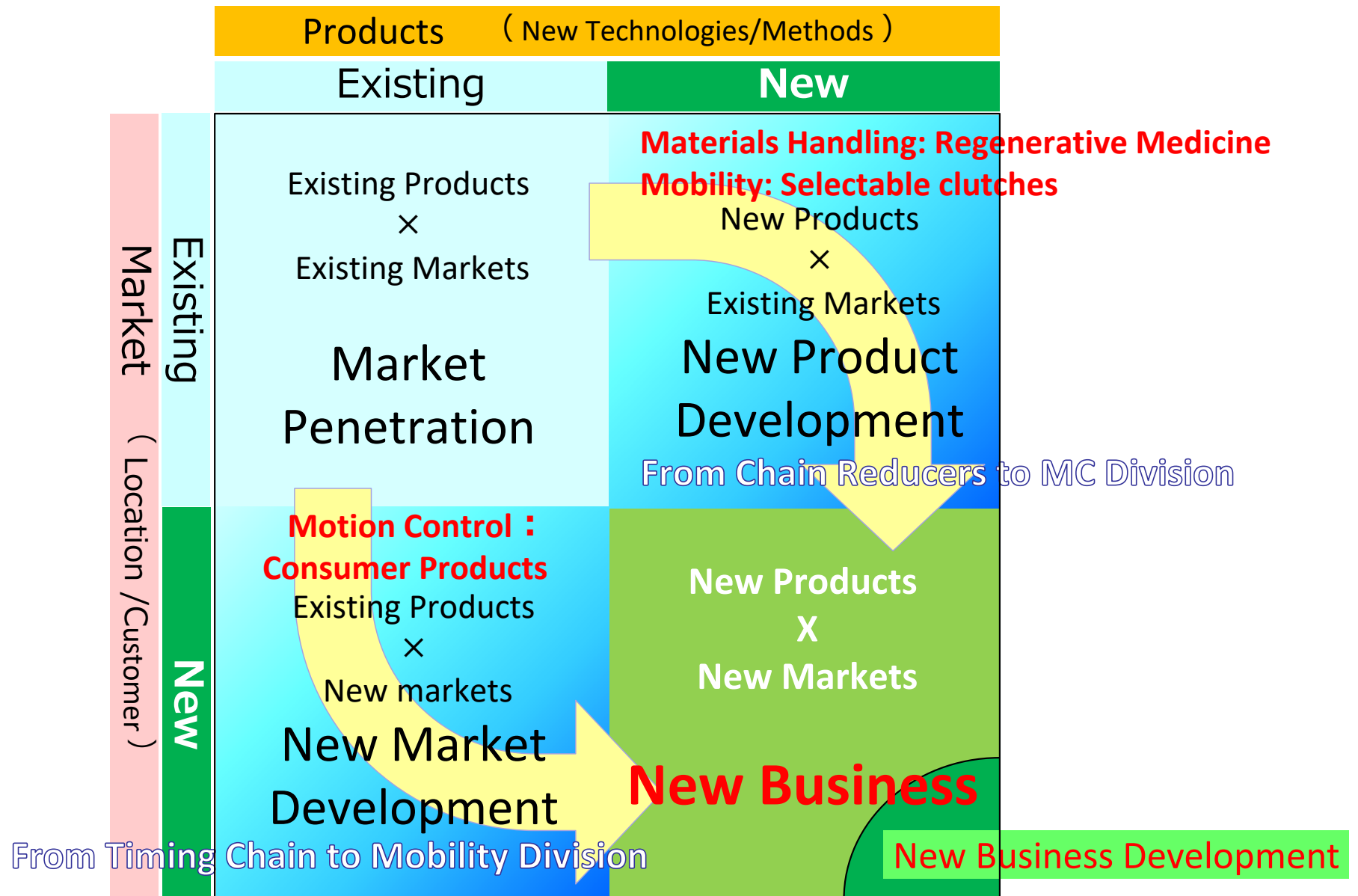
from expansion of business domains through development of new technologies, M&A, alliances, etc.

Target sales: JPY 500 billion

Mainly handled by New Business Development.
*Includes agribusiness, PCS business, etc.

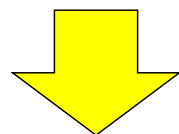
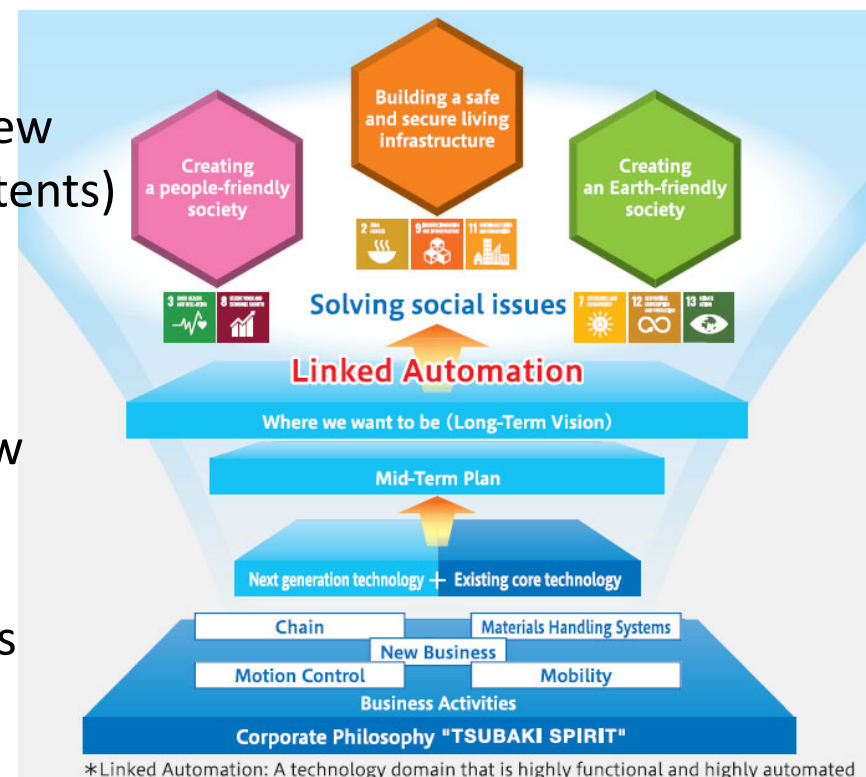


■ New Business Strategy of Tsubaki Group (Ansoff Matrix)



Overview of New Business Activities

- Received advice from a consultant on starting a new business based on technological assets (public patents)
 - Over 100 ideas were submitted, 35 of which were merged into new business concepts
- Held discussions with our top management on new business concepts with high growth potential.
 - Focused on synergies with existing businesses
 - Significance of Tsubakimoto Chain's participation is important (utilization and application of existing technology, etc.)



「 Creating a people-friendly society 」
 「 Establish a safe and secure living infrastructure 」
 「 Creating an Earth-Friendly Society 」
 New business development that solves social issues.

Established New Business Development Department in April '22 to **transition from a phase of searching for new businesses to a phase of developing new businesses.**

■ Chain Operations

“Ultra-small RS[®] roller chain”

Developing **the World's Smallest Chain**



■ Motion Control Operations

“SMU (Smart Motion Unit) ”

Toward **“Creating a people-friendly society”**

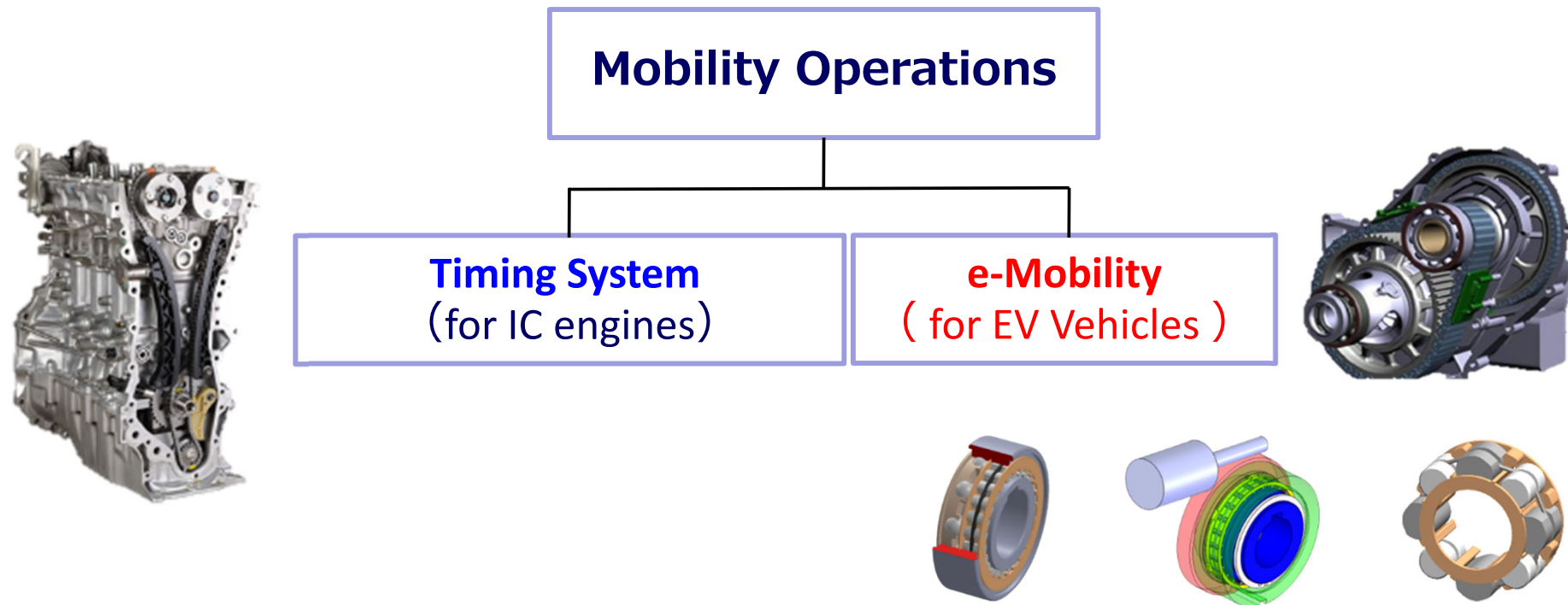
Medicine, agriculture, forestry, construction, and factories, etc.
Supporting human activities

■ Mobility Operations

“e-Mobility” newly established

Strengthening Cam Clutch Business Initiatives for EV Vehicles

⇒ 2-management organizational structure to clarify roles and respond promptly



*Opened "Tsubaki Mobility Solutions" on the Tsubaki Group's website

■ Materials Handling Operations

“ Strengthen system integration business “

1. KISAI BASE opened (Oct. 2021)

Strategic development base for logistics engineering business (with “Ryutsu Service Co., Ltd.)



Mixed reality (MR) for visual experience of scale, workability, etc.

2. Signed a sales partnership agreement for Autonomous Material Handling Robots (AMR) (Jan '22)

Sales partner agreement with ForwardX Robotics (China) to provide optimal distribution systems.

AMR Flex series



“Entered the medical field (KBIC: KOBE Biomedical Innovation Cluster)”

3. Established a new R&D center in KBIC.

Promote research and development of automated equipment and management systems for regenerative medicine and cell therapy



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.