

# Tsubakimoto Chain Co.

## FY2022 Settlement of Accounts

### <Agenda>

Contents	Presenters	Time
<ul style="list-style-type: none"><li>• FY2022 Full Year Settlement of Accounts Business Report</li><li>• Toward a corporate group that contributes to solving social issues</li></ul>	Takatoshi Kimura President & COO Representative Director	40 mins
<ul style="list-style-type: none"><li>• Q&amp;A</li></ul>	President, Executive Officers in Charge of Business Operations and Financial Affairs	20 mins

---

---

# FY2022

# Settlement of Accounts Business Report

---

---

# 1. Highlights of Consolidated Results

- Net sales increased year-on-year.

Although operating income and ordinary income increased, operating income ratio declined to 7.5% due to soaring material prices and labor costs.

(Yen, millions)

	FY 2021	FY 2022	YOY	Vs Forecast (as of Feb 3, 2022)	
	Actual	Actual	Inc / Dec	Forecast	Inc / Dec
Net sales	215,879	251,574	16.5%	245,000	2.7%
Operating income	17,842	18,985	6.4%	17,500	8.5%
%	8.3%	7.5%		7.1%	
Ordinary income	20,045	20,958	4.6%	19,000	10.3%
Net income	14,543	13,742	-5.5%	13,600	1.0%
Net income per share	392.88 yen	371.12 yen		367.29 yen	—
(Exchange rates 1 USD)	112.40 yen	135.50 yen		134.88 yen	—
(Exchange rates 1 EUR)	130.55 yen	141.00 yen		140.47 yen	—
(Exchange rates 1 RMB)	17.04 yen	19.50 yen		19.50 yen	—
	Actual	Actual			
ROE	7.4%	6.4%	Net income/Average return on equity during term		

## 2. Breakdown by Operations

(Yen, millions)

		FY 2021	FY 2022	YOY	Vs Forecast (as of Feb 3, 2022)	
		Actual	Actual	Inc / Dec	Forecast	Inc / Dec
Chain	Net sales <sup>*1</sup>	74,174	90,096	21.5%	87,500	3.0%
	Operating income	11,005	13,687	24.4%	13,000	5.3%
	%	14.8%	15.2%		14.9%	
Motion Control	Net sales <sup>*1</sup>	19,906	23,316	17.1%	22,500	3.6%
	Operating income	1,129	1,710	51.4%	1,500	14.0%
	%	5.7%	7.3%		6.7%	
Mobility	Net sales <sup>*1</sup>	66,027	77,275	17.0%	76,000	1.7%
	Operating income	6,568	6,376	-2.9%	6,300	1.2%
	%	9.9%	8.3%		8.3%	
Materials Handling	Net sales <sup>*1</sup>	55,728	60,973	9.4%	59,000	3.3%
	Operating income	799	(888)	—	(1,000)	—
	%	1.4%	—		—	
Other <sup>*2</sup>	Net sales <sup>*1</sup>	3,074	3,200	4.1%	3,000	6.7%
	Operating income	(442)	(534)	—	(700)	—
	%	—	—		—	

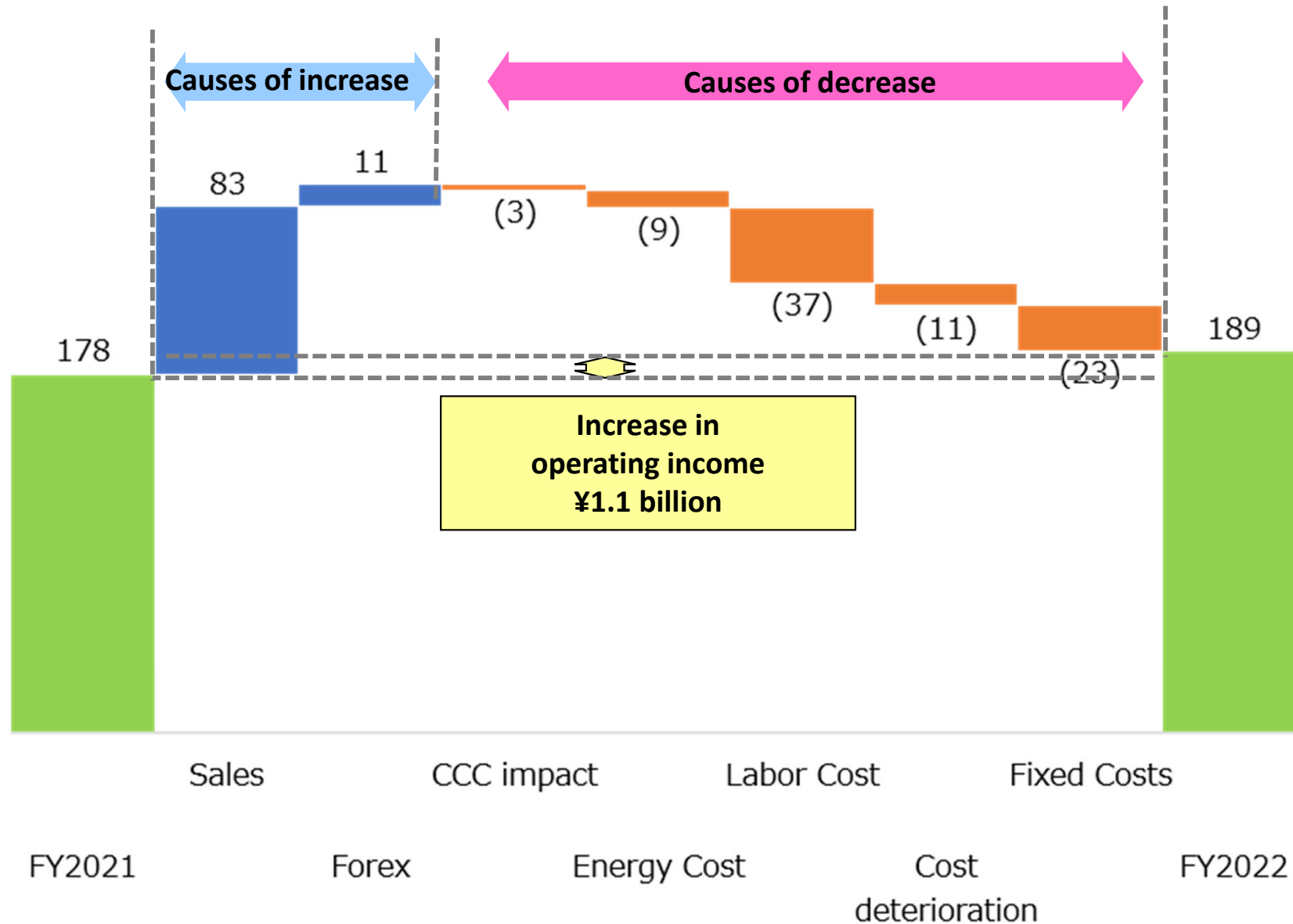
\*1: Sales figures include internal sales and transfers between segments.

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

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

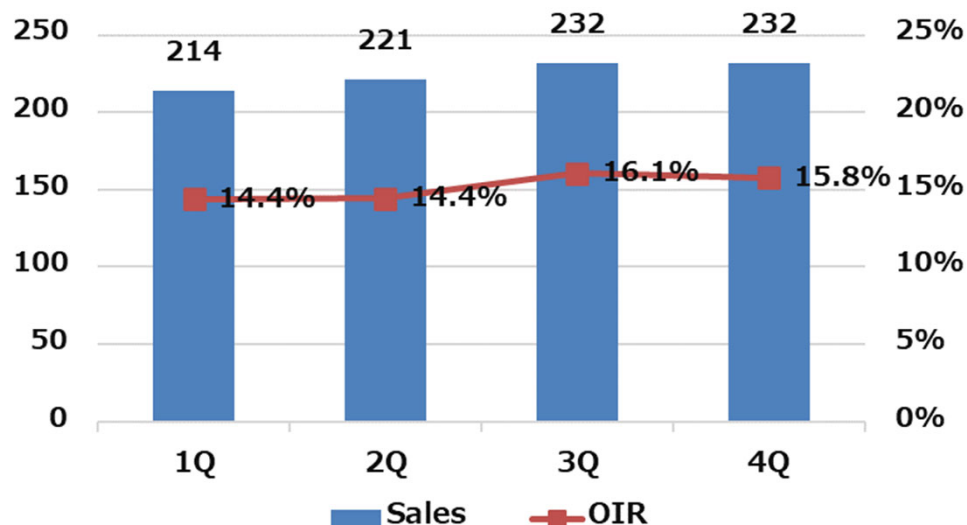
## ■ FY2021 vs. FY2022

(Unit: 100 million yen)

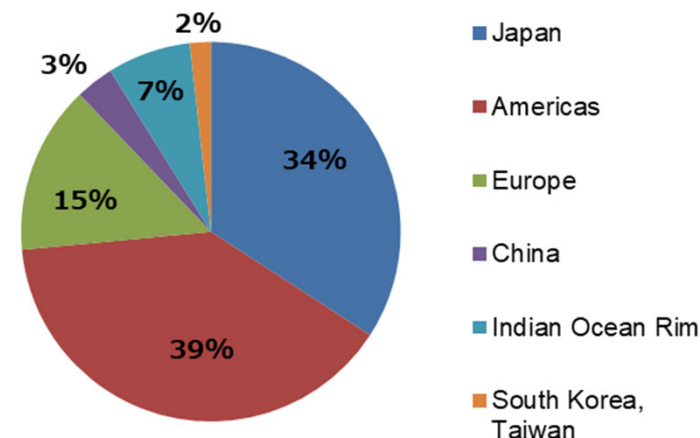


# 4. Breakdown of Chain Operations

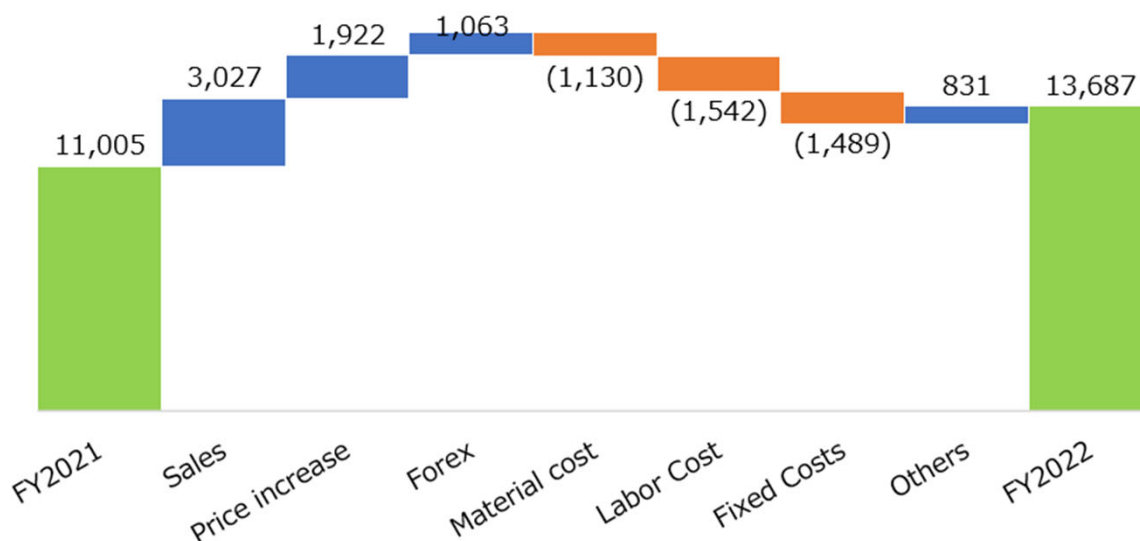
(Yen, 100 million) **Sales and Operating Income Ratio Trend**



**Sales Breakdown (by region)**



**Causes of Change in Operating Income** (Yen, millions)



Vs. FY2021

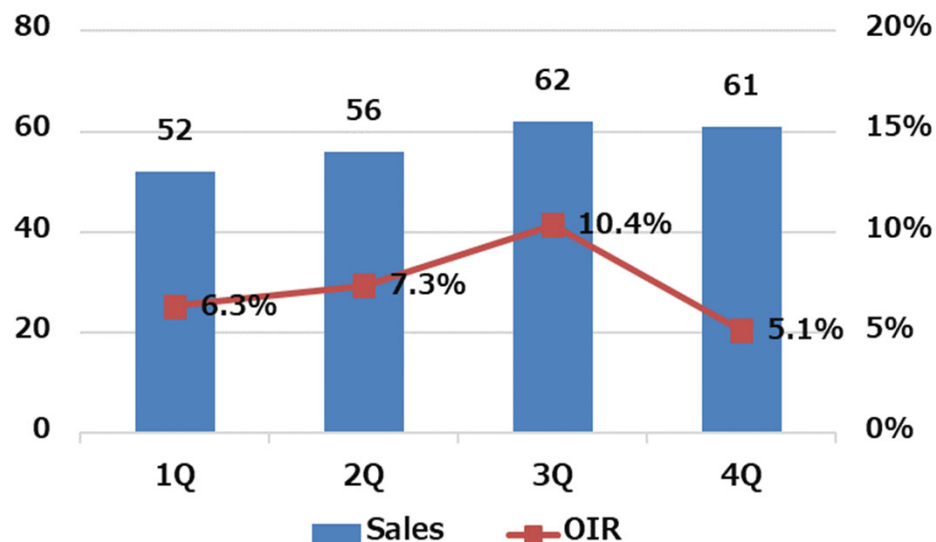
- Strong demand in all regions except China led to an increase in sales. Sales in North America were particularly strong.
- Despite higher labor costs in North America and Europe, income increased due to the increase in sales and cost reductions.

Vs. Forecast

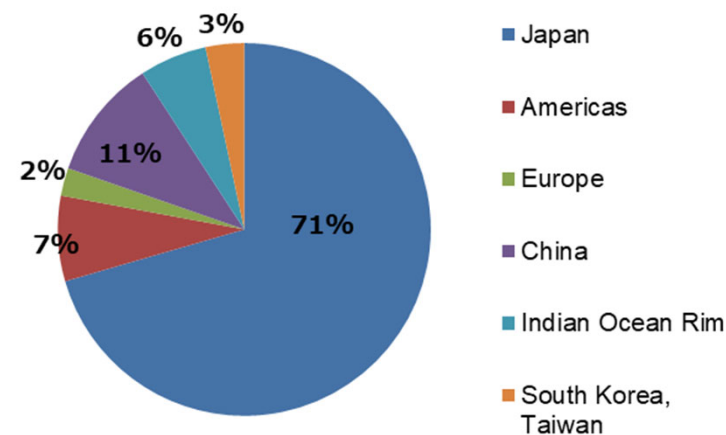
- Sales and income increased by strong sales.

# 4. Breakdown of Motion Control Operations

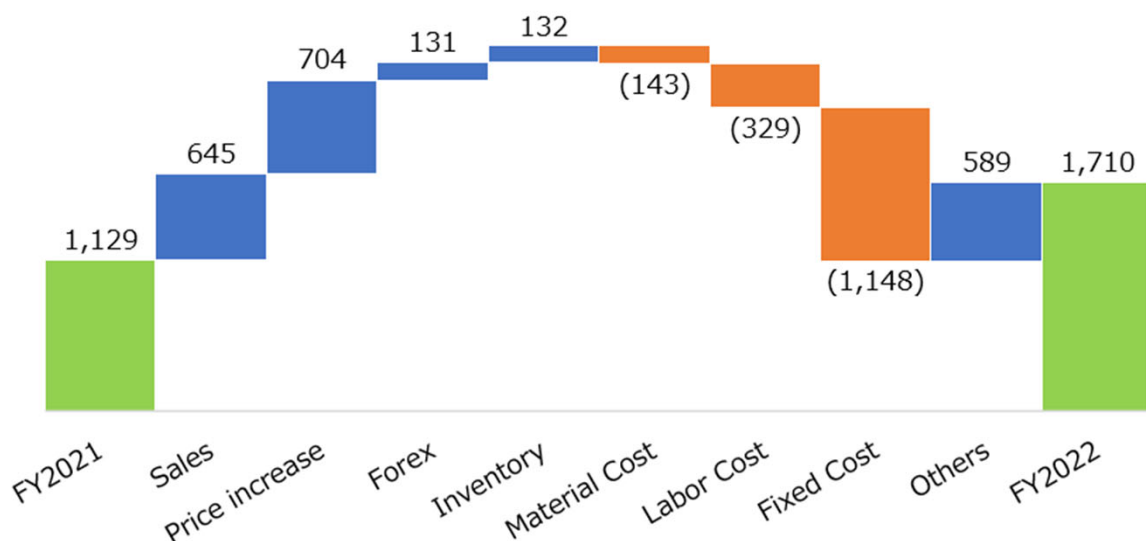
(Yen, 100 million) **Sales and Operating Income Ratio Trend**



**Sales Breakdown (by region)**



**Causes of Change in Operating Income** (Yen, millions)



Vs. FY2021

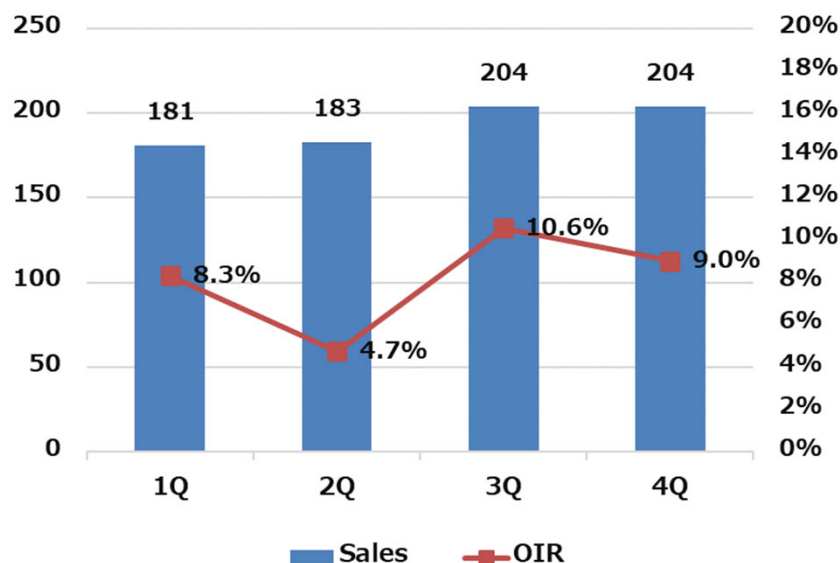
- Although the parts supply problems was protracted, sales and income increased due to an increase in sales in all regions except China.

Vs. Forecast

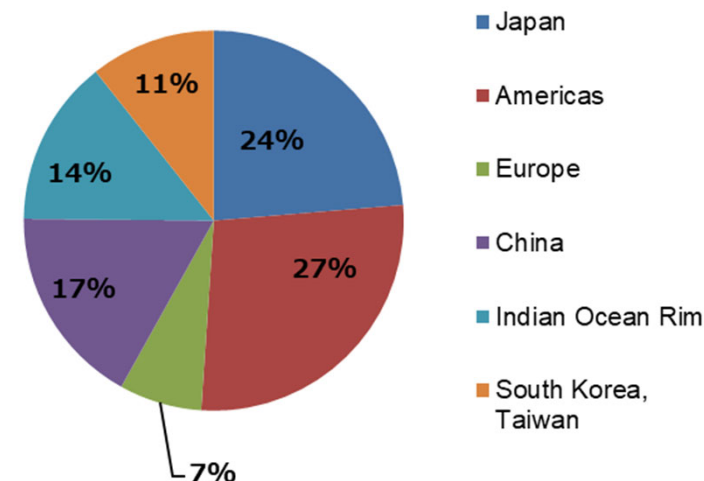
- Sales and income increased due to higher sales.

# 4. Breakdown of Mobility Operations

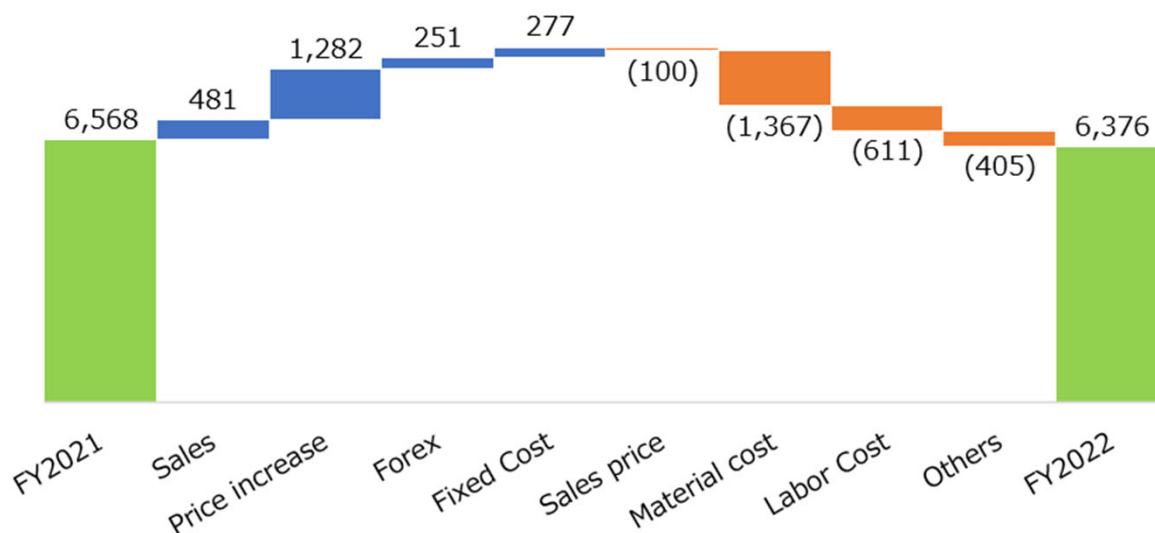
(Yen, 100 million) **Sales and Operating Income Ratio Trend**



**Sales Breakdown (by region)**



**Causes of Change in Operating Income** (Yen, millions)



Vs. FY2021

- Sales increased due to recovery in automobile production.
- Income decreased due to soaring labor costs and higher energy costs, although the impact of rising steel prices was mostly absorbed by price pass-through.

Vs. Forecast

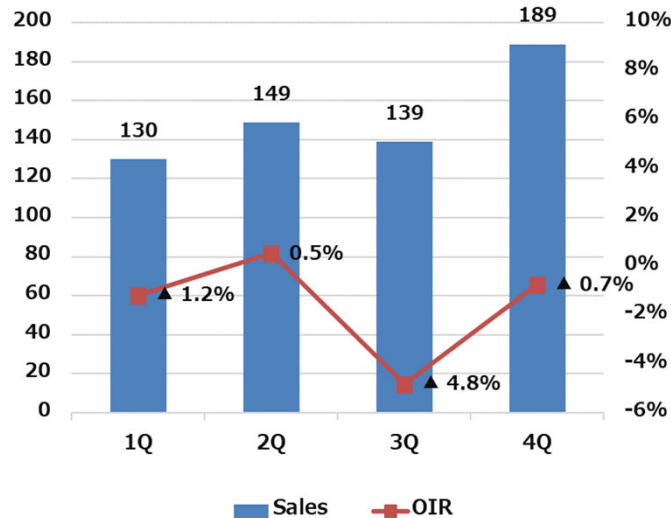
- Sales and income slightly increased.



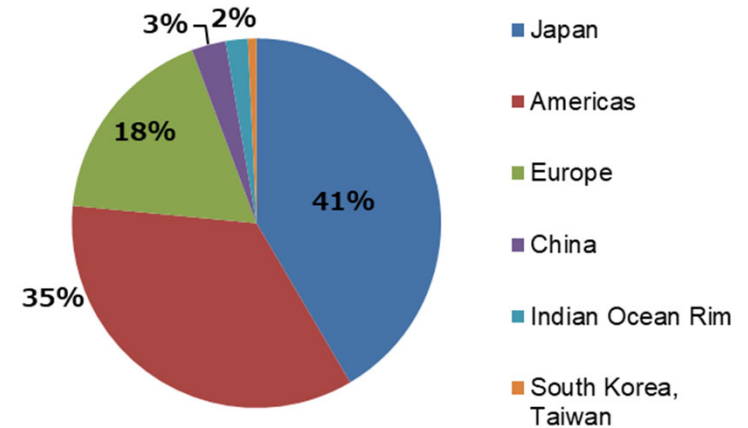
# 4. Breakdown of Materials Handling Operations

(Yen, 100 million)

### Sales and Operating Income Ratio Trend

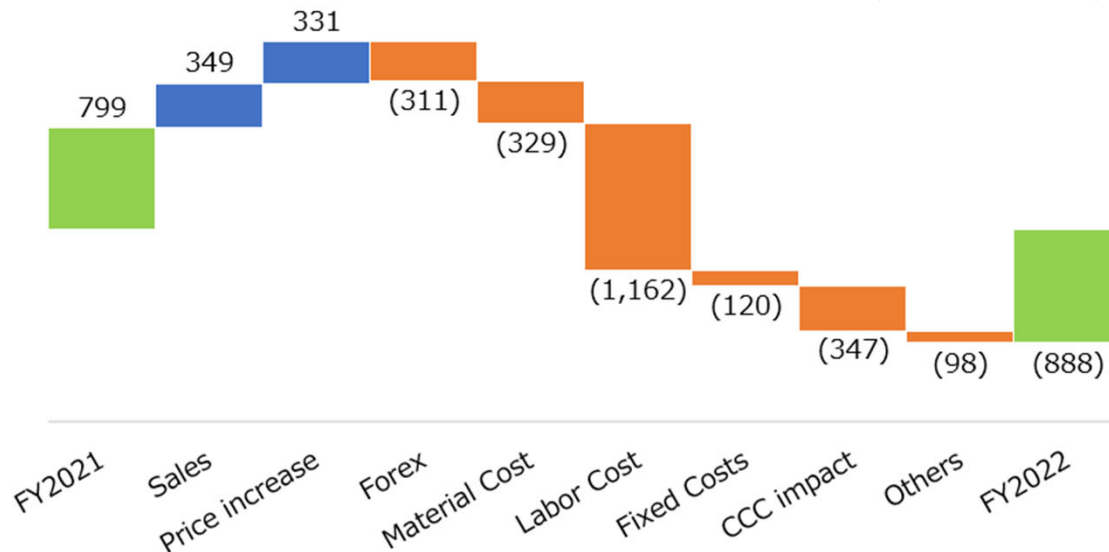


### Sales Breakdown (by region)



### Causes of Change in Operating Income

(Yen, millions)



Vs. FY2021

- Sales increased due to higher sales of Mayfran business in Japan and the Americas.
- Income decreased due to deterioration in profitability by a decrease in domestic large-scale projects and aggressive recruitment of human resources to strengthen growth potential.

Vs. Forecast

- Sales slightly increased and deficit decreased due to cost reductions.

# 5. Business Location Results

(Yen, millions)

		FY 2021	FY 2022	YOY
		Actual	Actual	Inc /dec
Americas	Net sales*	59,484	80,097	34.7%
	Operating income	3,026	3,879	28.2%
	%	5.1%	4.8%	
Europe	Net sales*	24,409	30,849	26.4%
	Operating income	1,255	1,675	33.4%
	%	5.1%	5.4%	
Indian Ocean Rim	Net sales*	16,539	20,128	21.7%
	Operating income	1,970	2,352	19.4%
	%	11.9%	11.7%	
China	Net sales*	22,311	24,012	7.6%
	Operating income	1,686	1,375	-18.4%
	%	7.6%	5.7%	
South Korea, Taiwan	Net sales*	10,019	11,062	10.4%
	Operating income	312	291	-6.8%
	%	3.1%	2.6%	
Japan	Net sales*	118,089	122,196	3.5%
	Operating income	8,772	7,946	-9.4%
	%	7.4%	6.5%	

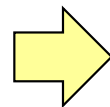
\*Sales figures include internal sales and transfers between segments.

<Actual exchange rate >

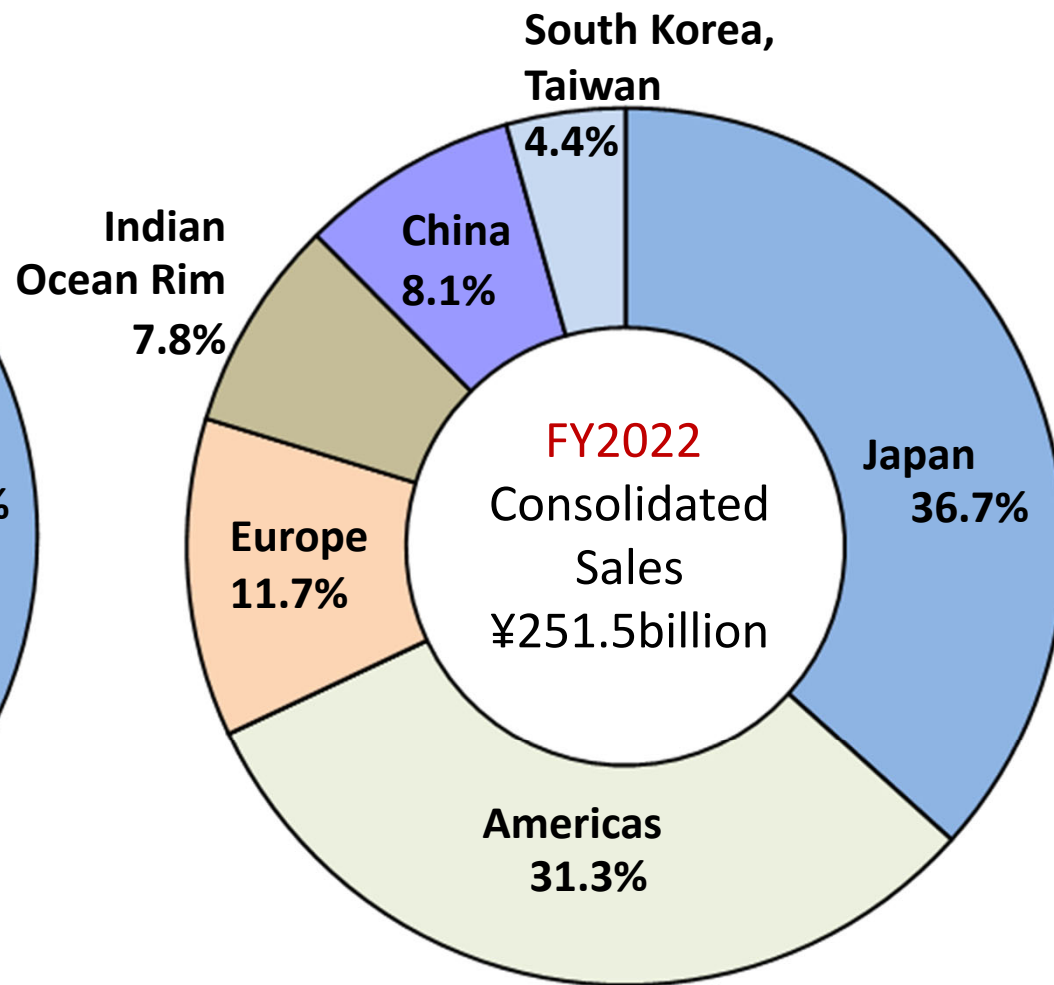
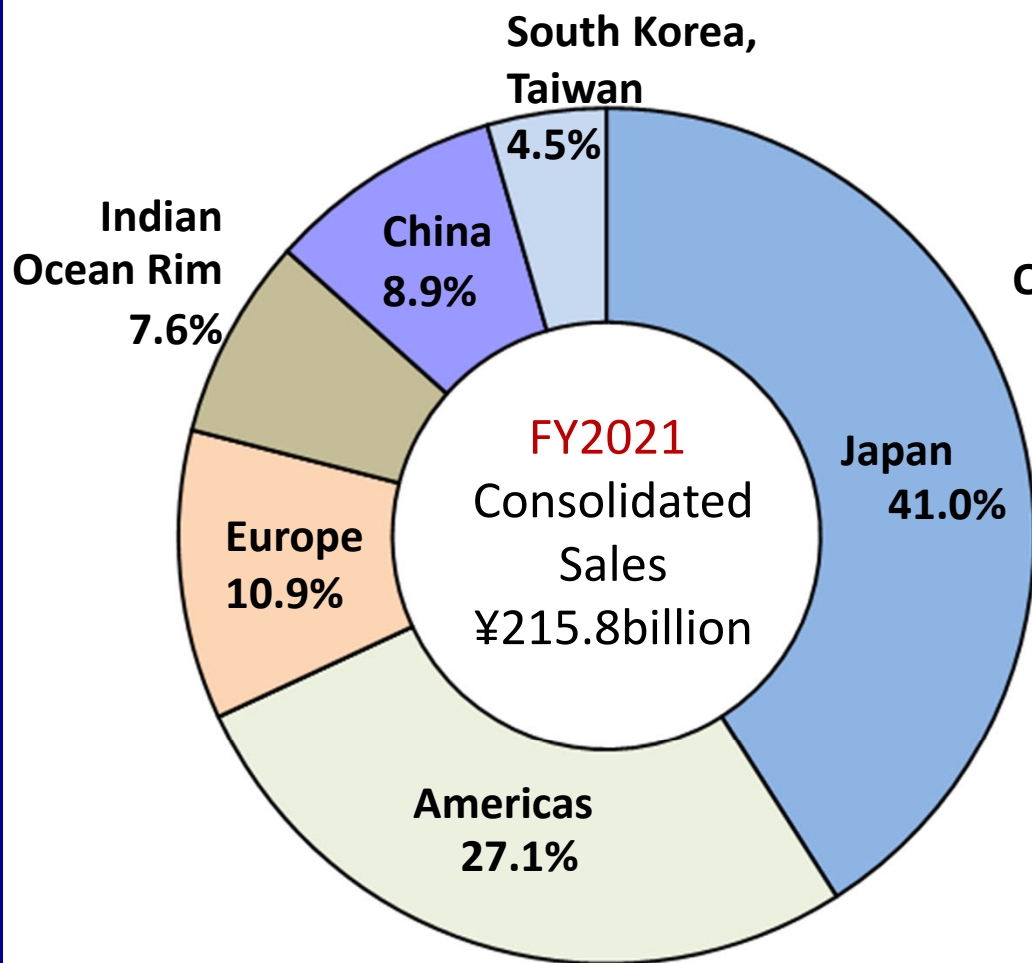
	USD	EUR	CAD	AUD	THB	TWD	RMB	KRW	MXN
FY 2021	112.40	130.55	89.65	83.06	3.44	4.02	17.04	0.10	5.41
FY 2022	135.50	141.00	102.48	92.67	3.75	4.45	19.50	0.10	6.55

# 6. Regional Sales Breakdown

FY2021  
Overseas sales\* ratio: 59.0%



FY2022  
Overseas sales\* ratio: 63.3%



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

---

---

# FY2023 Consolidated Forecast

---

---

# 8. FY2023 Consolidated Forecast

■ Recovery in automobile production expected, but sales and income are projected to remain about the same level as FY2022 due to demand slowing down in the power transmission business and an assumption of yen appreciation.

(Yen, millions)

	FY2022	FY2023			YOY
	Actual	1st half (Forecast)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec
Net sales	251,574	125,000	130,000	255,000	1.4%
Operating income	18,985	7,600	11,400	19,000	0.1%
%	7.5%	6.1%	8.8%	7.5%	
Ordinary income	20,958	8,300	11,600	19,900	- 5.0%
Net income	13,742	5,800	8,600	14,400	4.8%
Net income per share	371.12 yen	156.62 yen	232.23 yen	388.85 yen	—
(Exchange rates 1 US\$)	135.50 yen			125.00 yen	—
(Exchange rates 1 EUR)	141.00 yen			130.00 yen	—
(Exchange rates 1 RMB)	19.50 yen			18.34 yen	—

# 9. FY2023 Consolidated Forecast by Operation

(Yen, millions)

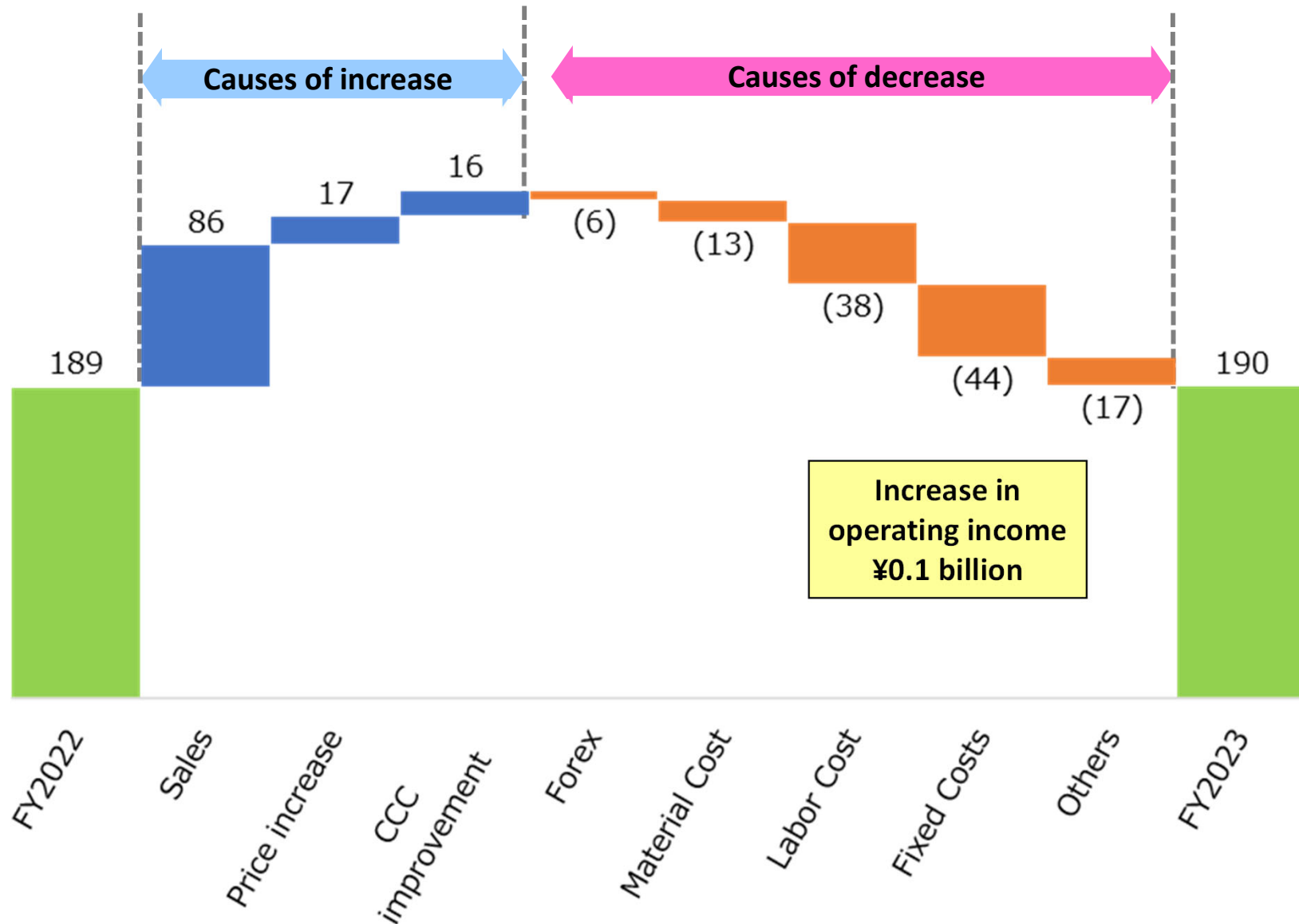
		FY 2022	FY 2023			YOY
		Actual	1st half (Forecast)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec
Chain	Net sales <sup>*1</sup>	90,096	43,000	43,000	86,000	- 4.5%
	Operating income	13,687	5,800	6,000	11,800	- 13.8%
	%	15.2%	13.5%	14.0%	13.7%	
Motion Control	Net sales <sup>*1</sup>	23,316	11,000	13,000	24,000	2.9%
	Operating income	1,710	500	1,000	1,500	- 12.3%
	%	7.3%	4.5%	7.7%	6.3%	
Mobility	Net sales <sup>*1</sup>	77,275	39,000	41,000	80,000	3.5%
	Operating income	6,376	2,200	4,700	6,900	8.2%
	%	8.3%	5.6%	11.5%	8.6%	
Materials Handling	Net sales <sup>*1</sup>	60,973	32,000	34,000	66,000	8.2%
	Operating income	(888)	100	900	1,000	—
	%	—	0.3%	2.6%	1.5%	
Other <sup>*2</sup>	Net sales <sup>*1</sup>	3,200	1,000	1,000	2,000	- 37.5%
	Operating income	(534)	(400)	(400)	(800)	—
	%	—	—	—	—	

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

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

## FY2022 Actual vs FY2023 Forecast

(Unit: 100 million yen)

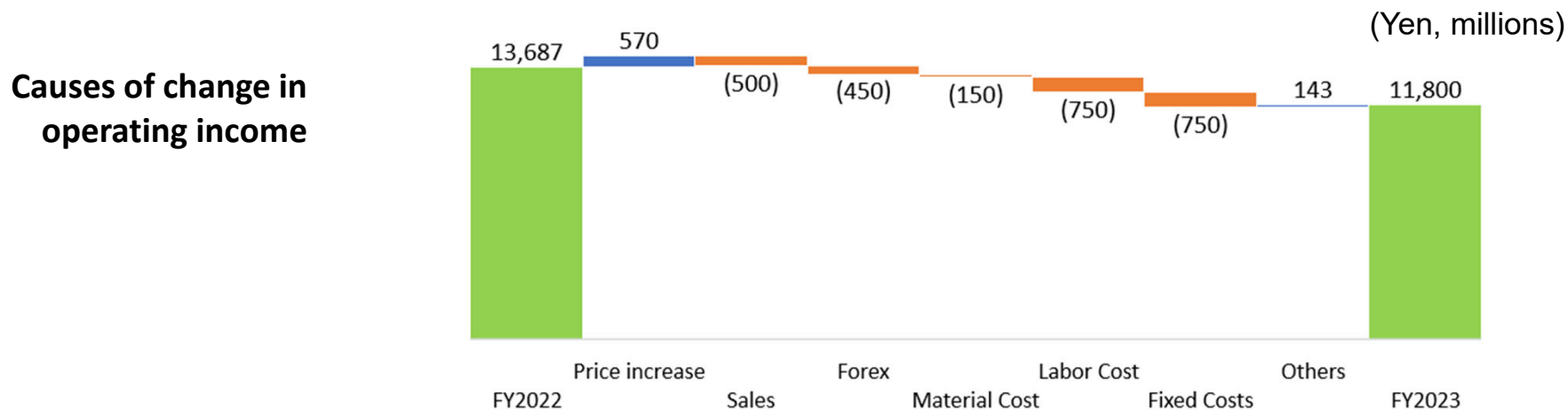


# 11. FY2023 Chain Operations Forecast

(Yen, millions)

		FY 2022	FY 2023			YOY
		Actual	1st half (Forecast)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec
Chain	Net sales <sup>*1</sup>	90,096	43,000	43,000	86,000	- 4.5%
	Operating income	13,687	5,800	6,000	11,800	- 13.8%
	%	15.2%	13.5%	14.0%	13.7%	

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



## Sales

- Demand in Japan and North America will slow down, so we expect a decrease in sales.

## Operating income

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



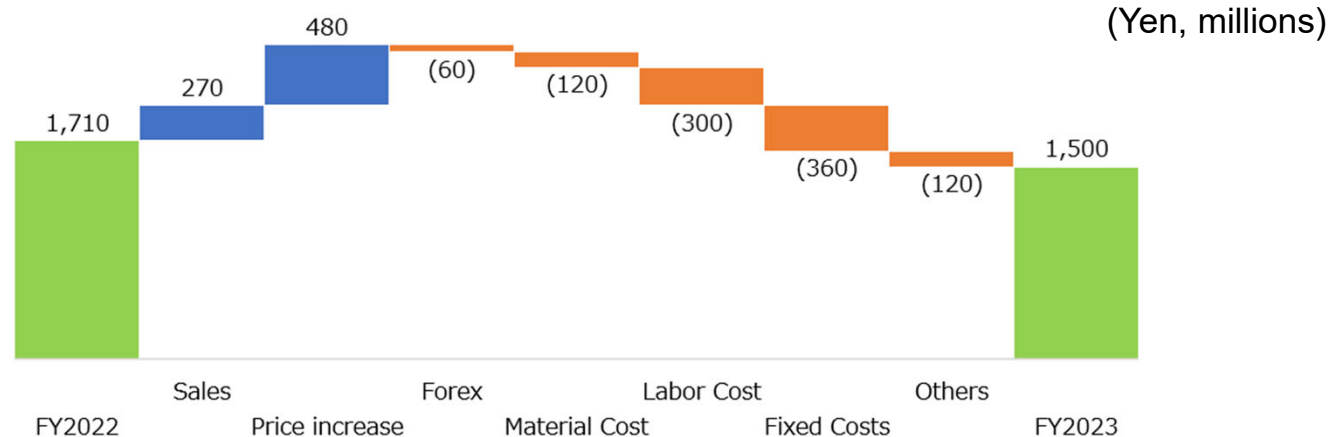
# 11. FY2023 Motion Control Operations Forecast

(Yen, millions)

		FY 2022	FY 2023			YOY
		Actual	1st half (Forecast)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec
Motion Control	Net sales <sup>*1</sup>	23,316	11,000	13,000	24,000	2.9%
	Operating income	1,710	500	1,000	1,500	- 12.3%
	%	7.3%	4.5%	7.7%	6.3%	

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

## Causes of change in operating income



### Sales

- Parts supply problems will improve, so sales are expected to increase.

### Operating income

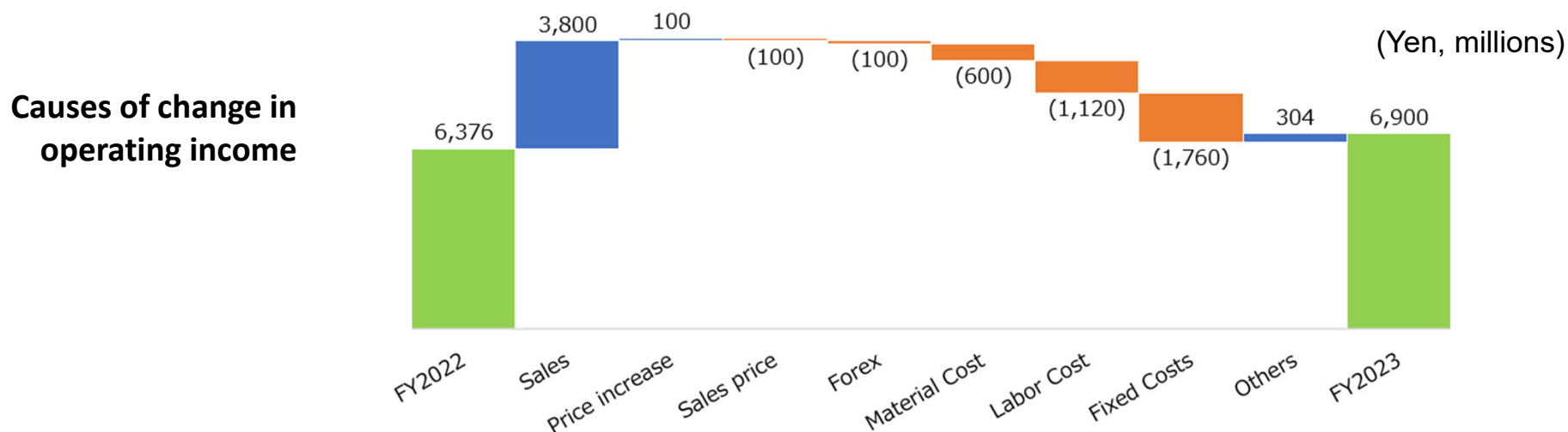
- Although we will continue efforts to improve production, we expect a drop in income due to an increase in labor costs and fixed costs.

# 11. FY2023 Mobility Operations Forecast

(Yen, millions)

		FY 2022	FY 2023			YOY
		Actual	1st half (Forecast)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec
Mobility	Net sales <sup>*1</sup>	77,275	39,000	41,000	80,000	3.5%
	Operating income	6,376	2,200	4,700	6,900	8.2%
	%	8.3%	5.6%	11.5%	8.6%	

\*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

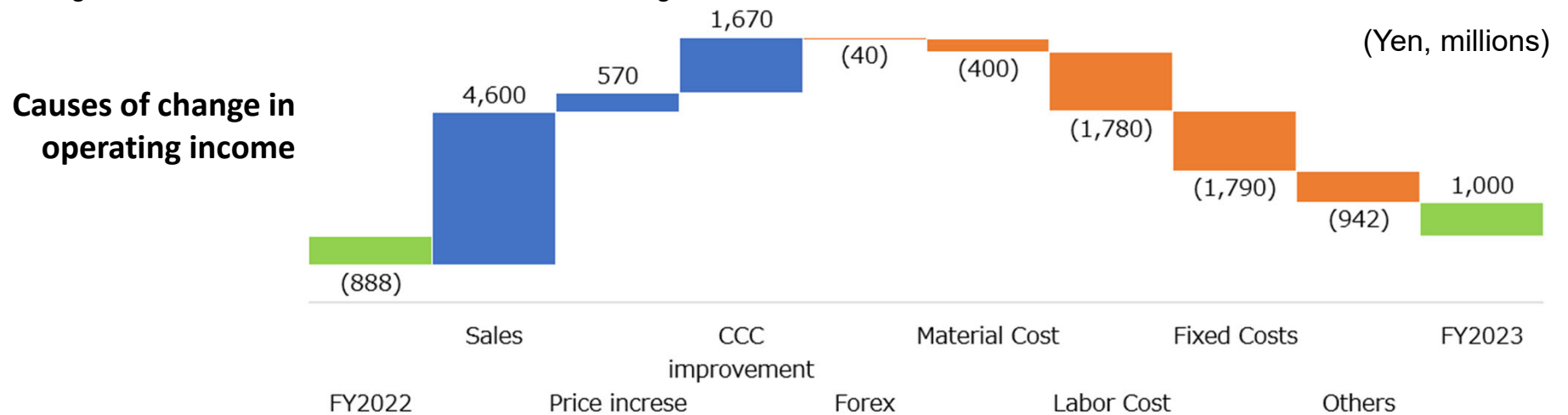
- Despite an increase in material price, labor costs and fixed costs, which is caused by production recovery, income is expected to increase due to an increase in sales and ongoing efforts to improve production.

# 11. FY2023 Materials Handling Operations Forecast

(Yen, millions)

		FY 2022	FY 2023			YOY
		Actual	1st half (Forecast)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec
Materials Handling	Net sales <sup>*1</sup>	60,973	32,000	34,000	66,000	8.2%
	Operating income	(888)	100	900	1,000	—
	%	—	0.3%	2.6%	1.5%	

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



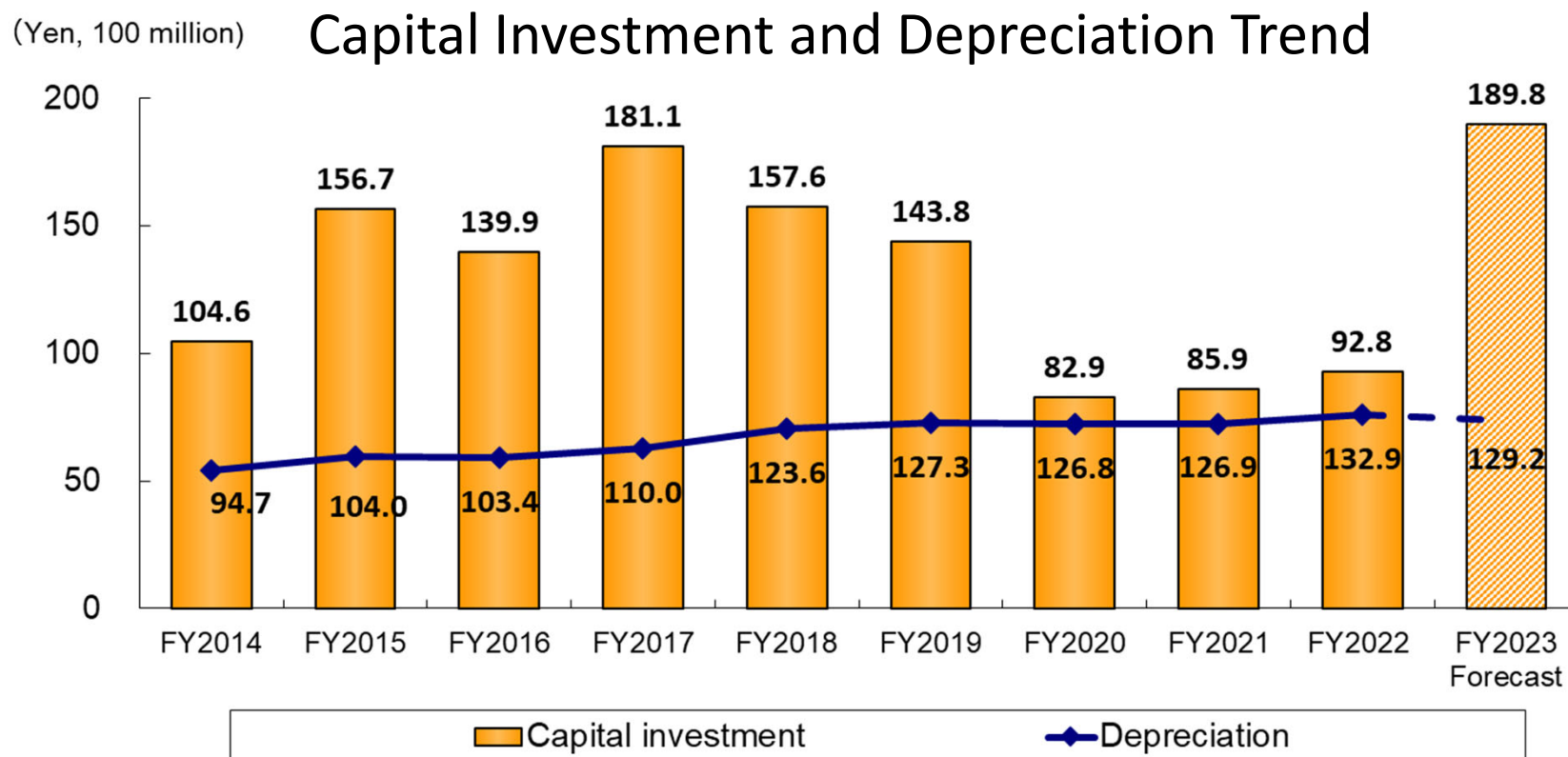
## sales

- 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 an increase in sales and a decrease in losses in the Americas.

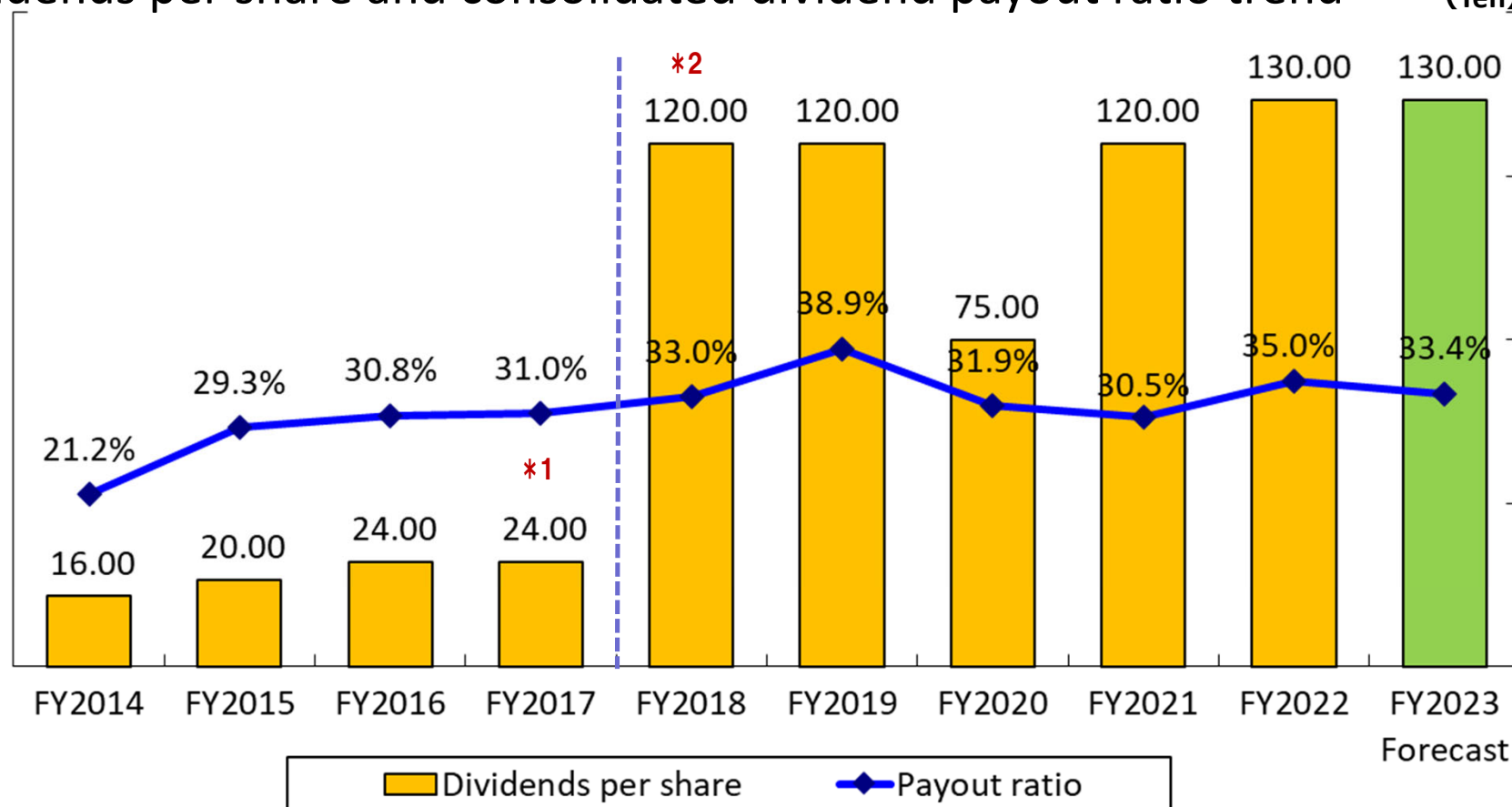
- “Capital investment” to strengthen growth potential
  - Investment in more efficient and automated production systems (all operations)
  - Equipment expansion in chain operations in North America
  - New product-related investments in materials handling operations



## ■ 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.

Dividends per share and consolidated dividend payout ratio trend (Yen)



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

---

---

# Current situation and Policy for the future of Central Conveyor Company

---

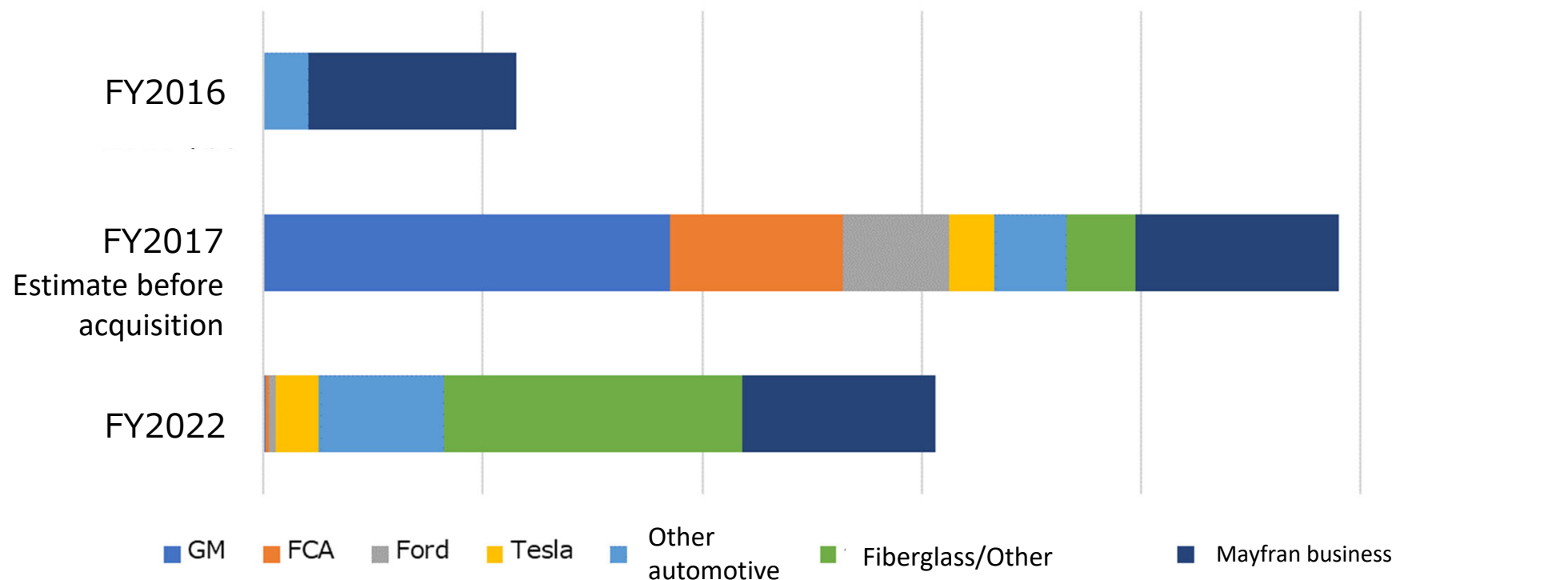
---

## 1. Target market and purpose of acquisition of CCC

- Purpose of acquisition

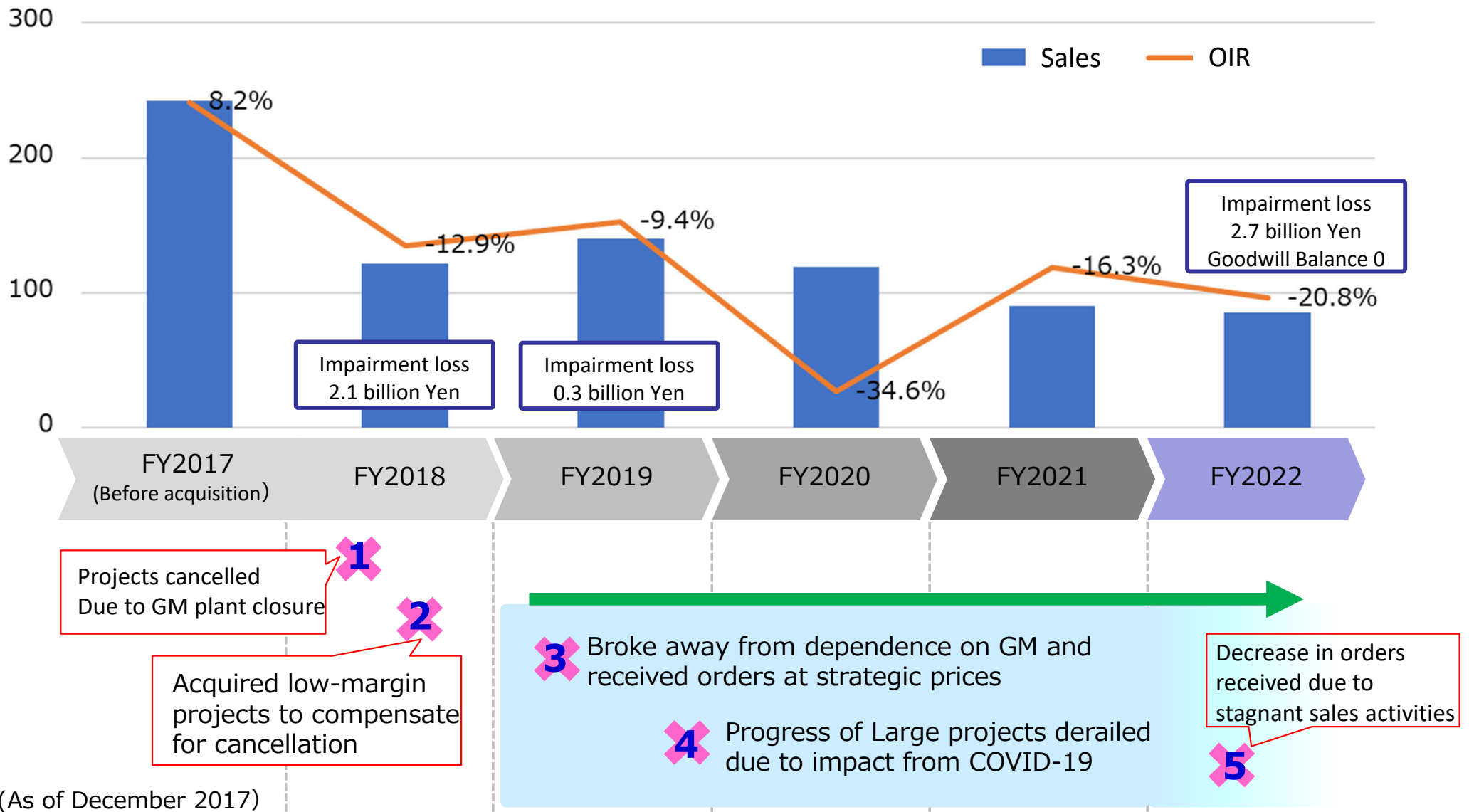
- ✓ Absorb expertise which the company has as an integrator having strong customer base mainly in the U.S. automobile industry.
- ✓ Expand Material handling operations in the U.S. market.

- Sales by customer (Material Handling Operations in the Americas)



## 2. Performance after acquisition of CCC and five causes of losses

(USD millions)





## 3. Approach for acquiring projects

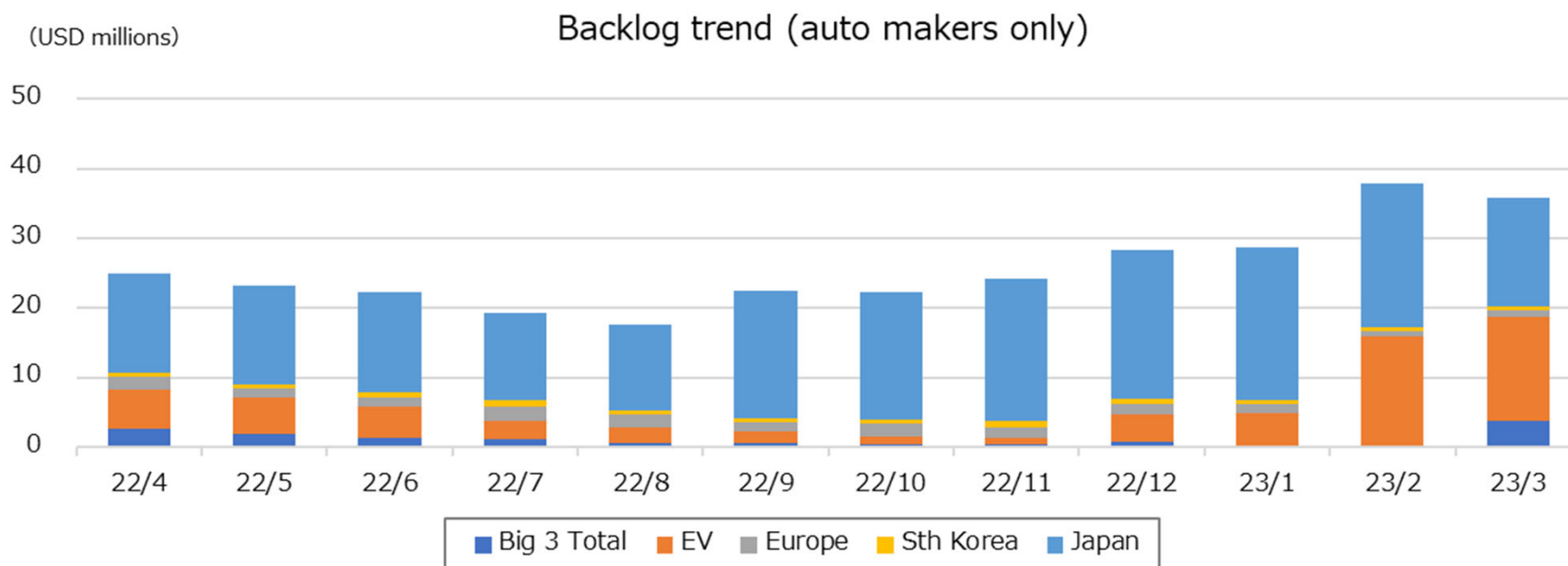
### ◆ Increase orders from the 'Big Three' U.S. Auto Makers

- Continue performing well on small projects for the purpose of improving customer service and sales activities such as inviting customers to tour our factory.  
Strengthen after-sales service for the BIG Three where there's demand for retrofiting old equipment.  
→ Orders are recovering

### ◆ Reap benefits of joining the Tsubaki Group

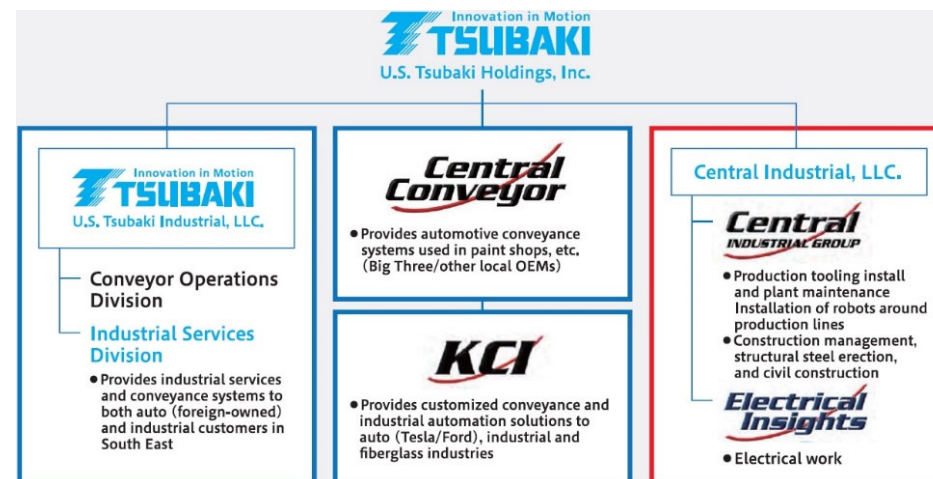
Consider collaboration with TMF and TBS

Expand supply of parts (chain & sprockets) from USTP to KCI.



## 4. Impact of spin-off

- Enhance governance through spin-off.
- Expand KCI and CI businesses by concentrating on their strong fields.



## 5. Plan for future of CCC

### ① Core function of Material Handling Business in North America

- In addition to the FA automotive industry, utilize as a base to market new distribution and Life Science products in the North American market developed by MHD in Japan.

### ② Enhancement of specific industry capture functions

- Concentrate on fiberglass industry and construction (KCI, etc.)

### ③ Expansion of maintenance business

- Expanding the maintenance business as a starting point is one of the directions that the Tsubaki Group is aiming for. We aim to expand the Group as a whole.

---

---

Toward a company that contributes  
to solving social issues

---

---

## ◆ Mid-Term Management Plan 2025

The period will be used to strengthen profitability in existing businesses and to plant seeds for new businesses that will lead to sustainable growth toward the realization of the Long-Term Vision 2030.

**1**

Create next-generation businesses that will enable sustainable growth

**2**

Further establish market position and strengthen profitability of existing businesses

**3**

Strengthen business foundation through manufacturing reform and enhanced human resource development

**4**

Strengthen ESG initiatives  
(E: Environment S: Society G: Governance)

**Target sales:  
500 billion yen**



## 1 Initiatives for new business creation

### Business collaboration with KDDI for logistics DX (TC · TMC)

Business collaboration with KDDI to save manpower, reduce costs, and improve productivity in distribution warehouses.

The company aims to promote DX in the logistics industry by providing **vendor-free "warehouse automation solutions"** that are compatible with a wide variety of manufacturers and equipment.



### Launched "Human-Assist Business"

In collaboration with SHIJIGEN, which is involved in products and services utilizing robotics, the company aims to **expand its "Human-Assist Business" in the medical, nursing care, healthcare, and agriculture/forestry fields** utilizing robotics.



## 1 Initiatives for new business creation

### Next-generation model of plant factory to construct

With the support of KIDAYA SHOTEN Co., Ltd. we decided to **construct a next-generation model factory** based on a new cultivation method, utilizing the cultivation technology of KIDAYA SHOTEN and the automation technology and knowledge that we have cultivated in the agribusiness.

By operating the plant factory and farming on its own, the company aims to expand into peripheral businesses (expansion of new products and types, etc.) with an eye toward 6th industrialization.



Plant factory rendering



Signing ceremony

## 1 Initiatives for new business creation

- ◆ Implemented **T-startup** which is a new business proposal contest involving all employees



- We searched for proposals that would lead to solutions for the “3 social issues” Tsubaki should address.
- We received over 100 applications from domestic and overseas subsidiaries.
- Activities toward commercialization have commenced for projects that passed both the first and second screening.



## 2 Establish market position of existing businesses

### Chain Operations

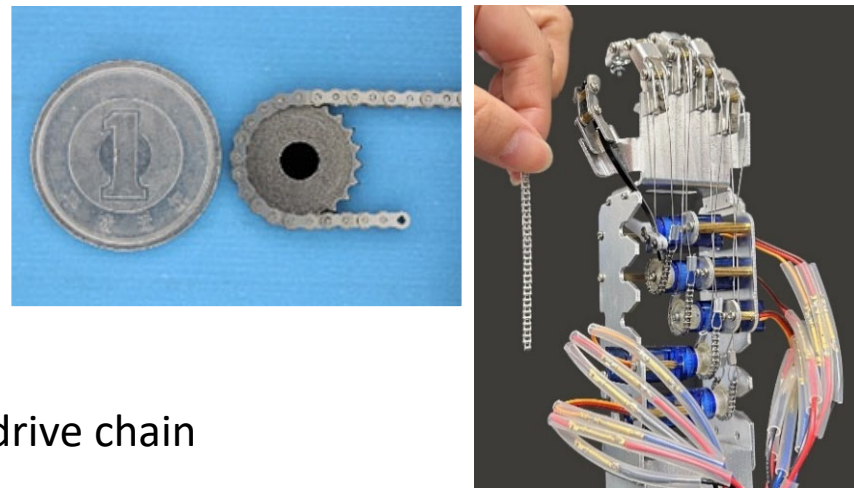
#### ~Develop upgraded new products~

9<sup>th</sup> generation "RS® roller chain"

#### ~Develop visionary new products~

"RS® roller chain (RS6) "

Expand applications for the world's smallest pitch drive chain

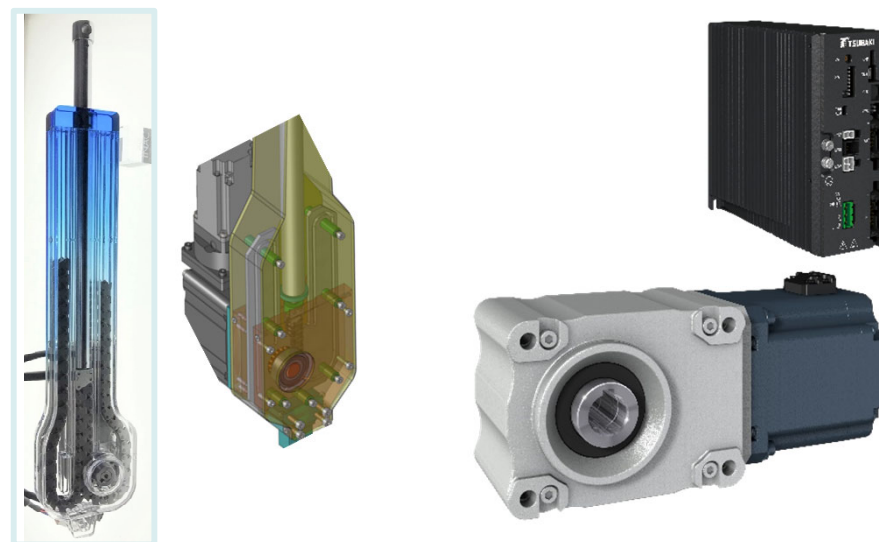


### Motion Control Operations

#### ~ Develop upgraded new products ~

Develop "ZIP cylinder"

Launch sales of "DCBL Hypoid Motor"





## 2 Establish market position of existing businesses

### Mobility Operations

~Expand businesses for EV-use Drive train, Personal Mobility~

- Enedrive® Chain
- Clutch for four-wheels
- Cam clutch for e-Bike
- Electric three-wheel bike (multi-purpose e-Cargo) ,etc



Multi-purpose e-Cargo



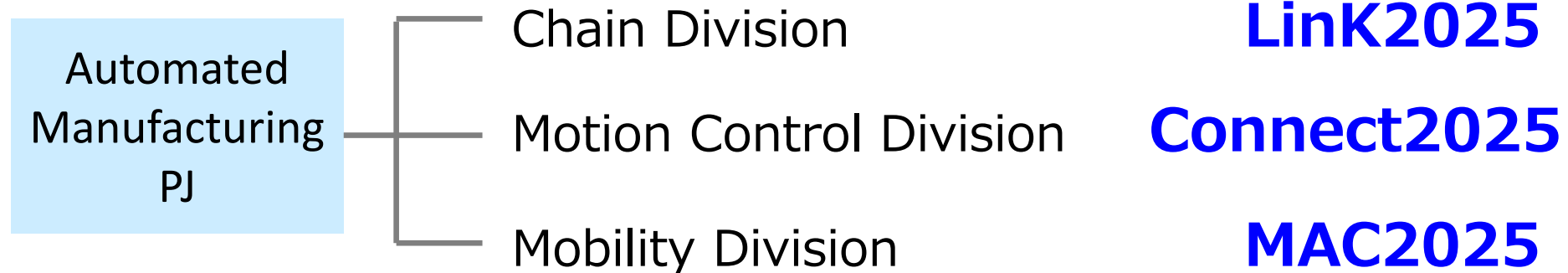
### Materials Handling Operations

- **"T-AstroX"**  
Automated order sorting system with picking and storage functions for distribution centers that underpin E-commerce  
Developing to launch sales in September 2023



## 3 Manufacturing reform

Initiatives for Tsubaki's development by converging business divisions



### 【Our Vision】


- **TSUBAKI-manufacturing DX**  
«digitalization for factory site innovation»
- **Factory-Automation**  
«Automation, Labor-saving»

## 4 Sustainability initiatives

- ◆ Certified as “Eco-first company” by Ministry of Environment (April 5, 2023)  
 ～global environmental conservation initiatives as an environmentally leading company～



- On the same day, we submitted our “Eco-First Commitment” to the Minister of the Environment which reflects the Tsubaki Group’s goals and initiatives to protect the global environment.



### エコ・ファーストの約束

～環境先進企業としての地球環境保全の取り組み～

2023年 4月 5日


環境大臣 西村明宏 殿

株式会社椿本チエイン  
代表取締役会長  
古世 晃二

つばきグループは、地球環境の保全が人類共通の最重要課題のひとつであることを認識し、グローバルな事業活動において環境配慮に努め、モノづくりを通して環境価値と経済価値を創出し「持続可能な社会の発展」に貢献します。

1. 気候変動への対応のため、カーボンニュートラルの実現に向けて、サプライチェーン全体を通じたCO<sub>2</sub>排出削減に取り組みます。
  - ◆ 太陽光発電による自家発電の拡大、再生可能エネルギーの積極的な導入、省エネ設備・生産への転換等により、Scope1+2 CO<sub>2</sub>排出総量を国内は2030年度までに2013年度比46%削減、海外は2018年度比30%以上削減し、2050年度までにはネットゼロを目指します。
  - ◆ TCFDへの賛同表明を行い、TCFDが推奨する「気候変動が与えるリスクと機会」などの情報開示の枠組みを活用して、自社のリスクや機会の抽出、評価、シナリオ分析を行い、その対応策を事業戦略に反映させていきます。
  - ◆ SBT認定を取得し、Scope3 CO<sub>2</sub>排出量削減目標を設定して、サプライチェーン全体で科学的根拠に基づく温室効果ガス排出量の把握と削減活動に取り組み、その情報を積極的に開示します。
2. 資源の有効活用とリユース・リサイクルに取り組み、循環型社会の形成に貢献します。
  - ◆ 3R (Reduce, Reuse, Recycle)の推進により、製造工程および事務スペースで発生するすべての廃棄物の総排出量を管理し、削減に努め、リサイクル率99%以上を目指し、循環型社会実現に貢献します。
  - 【具体例】
    - ・廃棄物の再利用においては、金属プレス品の打抜きスクラップを铸件製品の材料として使用します。
    - ・またプラスチック製品においては、リサイクル材を材料として一部利用します。
    - ・オフィスで働く社員すべてが環境個人目標を設定し、取り組みます。またゴミの分別、ペーパーレス化や裏紙使用により資源を大切にします。
3. 大気、水質汚染防止に万全を期して取り組みます。
  - ◆ ISO14001規定に従った、予防処置の徹底と定期的な監視測定により、大気・水質汚染防止に努めます。(水質については、毎月圏内の最終排水口の水質を分析します。)
4. 「地球にやさしい社会の実現」に向けたエコプロダクトの開発・普及を促進します。
  - ◆ カーボンニュートラルやサーキュラーエコノミーに貢献するエコプロダクトの開発・販売促進に注力し、環境価値と経済価値の両立を目指します。
  - ◆ 特にCO<sub>2</sub>排出削減効果については、削減量の定量的な把握を行い、お客様へその情報を積極的に提供します。
  - ◆ 自動車エンジンに搭載するタイミングチェーンシステムの耐久性能強化により、自動車の長期使用に寄与します。
5. 「持続可能な社会の発展」に貢献すべく、「環境理念」「環境方針」を定め、環境配慮型経営を推進します。
  - ◆ 当社独自の「エコ・ファクトリー認定制度」により自発的な改善を促し、社内一丸となって環境配慮型経営に取り組みます。

株式会社椿本チエインは、上記の取り組みの進捗状況を確認し、その結果を環境省へ報告するとともに、当社ウェブサイトで統合報告書などで定期的に公表します。



## 4 Sustainability initiatives

### ◆ Goal by FY2025 (efforts toward carbon neutrality)

- Strengthen efforts to achieve carbon neutrality in line with the IPCC 1.5°C scenario, the global standard for CO<sub>2</sub> emission reductions

### ◆ “SBT ( Science Based Target ) certification” acquired (May 2023)

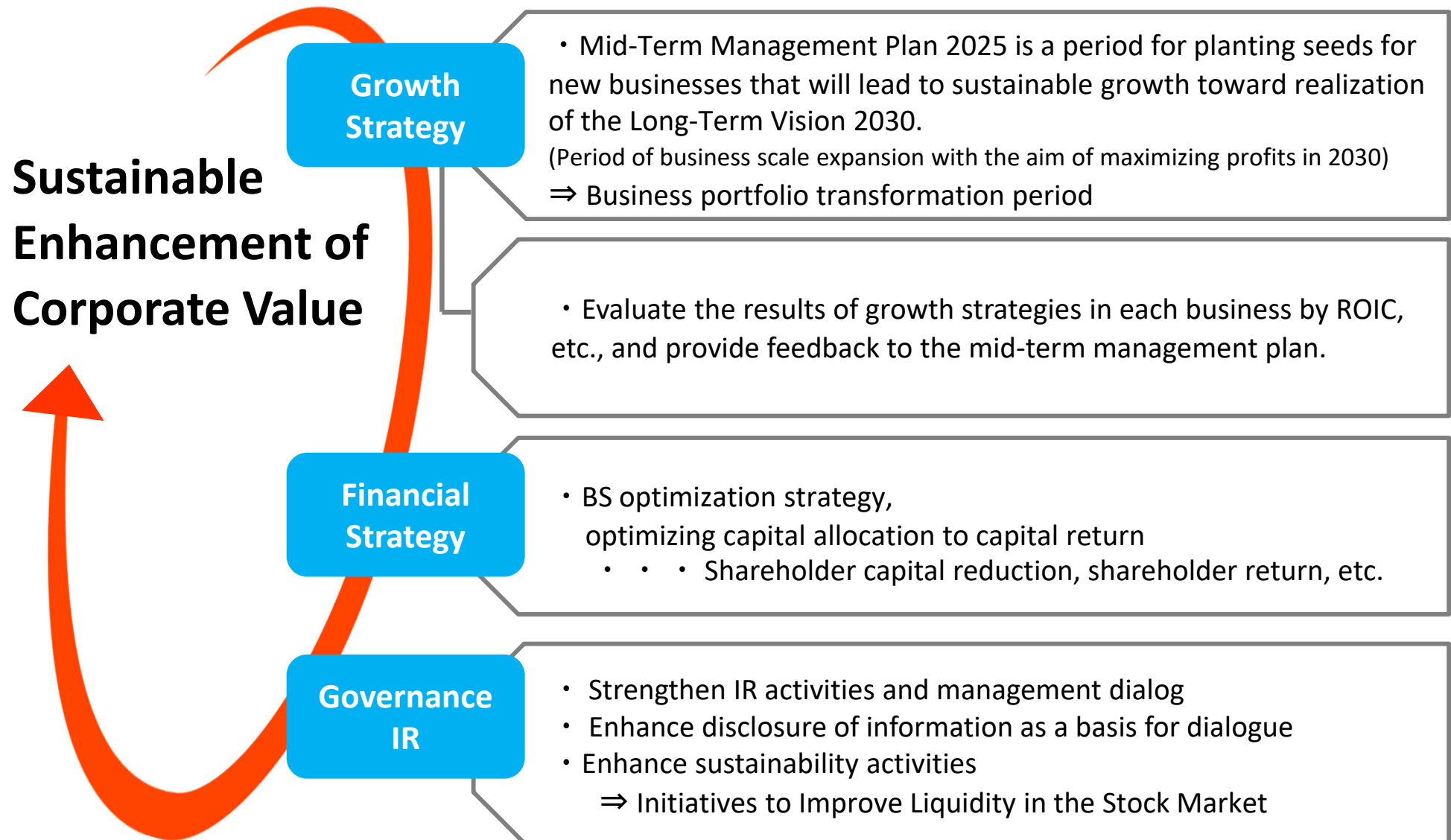
- Recognizes that the Tsubaki Group's greenhouse gas emission reduction targets are consistent with the levels required by the Paris Agreement (1.5°C scenario).

\*SBTi's website posting is scheduled for June 15

(369 Japanese companies have been certified as of the end of March 2023)



## ◆ Management approach to cost of capital and stock price awareness



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.