May 11, 2022

CONSOLIDATED FINANCIAL STATEMENTS
<under Japanese GAAP>
For the twelve-month period ended March 31, 2022

Name of the company: Tsubakimoto Chain Co.
Code number: 6371
Stock exchange listings: Tokyo
URL: https://tsubakimoto.com/
Representative: Kenji Kose, President and Representative Director
Inquiries: Tsutomu Nishida, Manager, Corporate Planning Department
Tel +81 (6) 6441-0054

*Amounts less than ¥1 million are omitted.

1. Consolidated Operating Results the Twelve Months Ended March 31, 2022

(1) Consolidated Results of Operation

(% figures show change compared to the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For 12 months ended March 31, 2022	215,879	11.6	17,842	100.5	20,045	81.8	14,543	67.0
For 12 months ended March 31, 2021	193,399	(14.6)	8,896	(44.9)	11,026	(34.0)	8,706	(24.8)

Note: Comprehensive income
Fiscal Year ended March 31, 2022: ¥ 25,825 million, 74.2%
Fiscal Year ended March 31, 2021: ¥ 14,822 million, 76.0%

	Net income per share	Net income per share (diluted)	Return on Equity	Ordinary income / Total assets	Operating income / Net sales
	Yen	Yen	%	%	%
For 12 months ended March 31, 2022	392.88	—	7.4	6.3	8.3
For 12 months ended March 31, 2021	235.23	—	4.8	3.7	4.6

Note: Equity in income of affiliates
Fiscal Year ended March 31, 2022: ¥ 81 million
Fiscal Year ended March 31, 2021: ¥ 47 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	332,620	209,757	62.5	5,612.28
As of March 31, 2021	307,332	187,494	60.5	5,019.35

Note: Shareholders' equity
As of March 31, 2022: ¥ 207,756 million
As of March 31, 2021: ¥ 185,791 million

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financial activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For 12 months ended March 31, 2022	21,000	(9,075)	(7,780)	52,888
For 12 months ended March 31, 2021	27,890	(9,560)	(4,354)	46,084

2. Dividends

	Dividends per share					Total amount of dividends (Total)	Payout ratio (Consolidated)	Dividends on equity (Consolidated)
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
FY 2020	–	30.00	–	45.00	75.00	2,776	31.9	1.5
FY 2021	–	50.00	–	70.00	120.00	4,442	30.5	2.3
FY 2022 (Forecasted)	–	60.00	–	70.00	130.00		32.3	

3. Outlook for Consolidated Operating Results for the 12 Months Ending March 31, 2023

	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, 2022	117,000	14.1	8,600	5.1	9,200	0.5	6,800	2.6	183.69
12-month period ending March 31, 2023	240,000	11.2	20,000	12.1	20,600	2.8	14,900	2.5	402.50

* Notes

(1) Significant changes in scope of consolidation (indicates changes in specified subsidiaries involving changes in the scope of consolidation): None

(2) 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

(3) Number of shares issued (common shares)

1 Number of shares issued at end of period (including treasury shares)

As of March 31, 2022 : 38,281,393 shares
As of March 31, 2021 : 38,281,393 shares

2 Number of treasury shares at end of period

As of March 31, 2022 : 1,263,127 shares
As of March 31, 2021 : 1,266,367 shares

3 Average number of shares during the period

As of March 31, 2022 : 37,017,713 shares
As of March 31, 2021 : 37,013,807 shares

(Reference)

1. Non-Consolidated Financial Highlights for the Twelve Months Ended March 31, 2022

(1) Non-Consolidated Results of Operations

*Amounts less than ¥1 million are omitted

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For 12 months ended March 31, 2022	98,931	13.5	5,647	165.1	11,687	60.2	9,686	61.3
For 12 months ended March 31, 2021	87,196	(13.8)	2,130	(61.0)	7,294	(35.0)	6,005	(22.1)

	Net income per share	Net income per share (diluted)
	Yen	Yen
For 12 months ended March 31, 2022	261.66	–
For 12 months ended March 31, 2021	162.25	–

(2) Non-Consolidated Financial Position

*Amounts less than ¥1 million rounded down

	Total assets	Net assets	Equity ratio	Shareholder’s equity per share
	Millions of Yen	Millions of Yen	%	Yen
As of March 31, 2022	226,174	133,451	59.0	3,605.02
As of March 31, 2021	215,949	125,350	58.0	3,386.47

Note: Shareholders’ equity
As of March 31, 2022: ¥ 133,451 million
As of March 31, 2021: ¥ 125,350 million

* 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.

1. Summary of business results, etc.

(1) Summary of business results in the fiscal year under review

In the consolidated fiscal year under review (April 1, 2021 to March 31, 2022), the global economy generally showed a recovery trend due to progress in vaccination against COVID-19, especially in developed countries, and economic policies of various countries, but tensions in world affairs increased as Russia invaded Ukraine.

The speed of economic recovery in China has slowed down due to the resurgence of COVID-19 infections and other factors. However, in the USA and Europe, we have seen signs of recovery due to such factors as the economic measures of governments.

The economy in Japan is also showing signs of 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 restrictions on economic activities due to a resurgence of COVID-19 infections of mainly new variants, the shortage of semiconductors, and skyrocketing prices of energy and materials, the situation moving forward remains unclear.

In this environment, orders received by the Tsubaki Group for the consolidated fiscal year under review were up 22.5% year on year to ¥232,540 million, and net sales increased 11.6% rear on year to ¥215,879 million.

Operating income increased 100.5% year on year to ¥17,842 million, and ordinary income increased 81.8% year on year to ¥20,045 million, while net income attributable to parent company shareholders increased 67.0% year on year to ¥14,543 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 developing 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 Management Plan 2025 that we started this fiscal year.

(Linked Automation Technology: Technical field of high functionality and advanced automation)

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc., has been applied from the consolidated fiscal year under review.

We have also changed some of the reporting segment categories and names, applicable as of the consolidated fiscal year under review. The year-on-year comparisons listed below use the year-on-year figures reclassified into the changed segment categories. For details, please refer to “3. Consolidated Financial Statements and Main Notes: (5) Notes on the 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 a rise in sales in Japan, the Americas, Europe, Indian Ocean Rim, China, South Korea, and Taiwan.

Subsequently, the segment recorded year-on-year increases of 32.1% in orders received to ¥81,301 million, 21.2% in net sales to ¥72,371 million, and 40.0% in operating income to ¥11,005 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 year-on-year increases of 31.8% in orders received to ¥22,853 million, 9.3% in net sales to ¥19,376 million, and 51.1% in operating income to ¥1,129 million.

[Mobility]

In the Mobility segment (previously the Automotive Parts segment), net sales increased year on year due to a rise in sales of products such as timing chain systems for automobile engines at bases in Japan, the Americas, Europe, Thailand, China, and South Korea.

Consequently, the segment recorded year-on-year increases of 10.8% in orders received to ¥66,199 million, 11.1% in net sales to ¥66,026 million, and 73.6% in operating income to ¥6,568 million.

[Materials Handling Systems]
In the Materials Handling Systems segment, net sales were up year on year due to such factors as an increase in sales of systems for the life science field, newspaper printing plants, and logistics industry domestically, despite reduced sales of systems for the automotive industry in Japan and the Americas.
Subsequently, the segment recorded year-on-year increases of 22.8% in orders received to ¥59,279 million, and 4.6% in net sales to ¥55,704 million. Operating income was ¥799 million (operating loss of ¥2,202 million in the same period of the previous fiscal year).

[Other]
This segment recorded year-on-year decreases of 3.5% in orders received to ¥2,905 million, and 25.9% in net sales to ¥2,400 million. Consequently, there was an operating loss of ¥442 million (operating loss of ¥330 million in the same period of the previous fiscal year).

(2) Summary of financial position in the fiscal year under review
(Assets)
Assets were ¥332,620 million, up ¥25,287 million from the end of the previous consolidated fiscal year. Although there was a ¥140 million decrease in tangible fixed assets due to amortization and other factors, there was a ¥10,619 million increase in inventories from an increase in finished goods and other factors, a ¥7,234 million increase in cash and deposits, a ¥3,722 million increase in investments in securities due to a rise in the market value of securities held by the Company and other factors, and a ¥1,957 million increase in notes and accounts receivables and contract assets due to a rise in net sales in the relevant period.

(Liabilities)
Liabilities were ¥122,863 million, up ¥3,025 million from the end of the previous consolidated fiscal year. This was attributable to various factors such as ¥1,973 million increase in income taxes payable, ¥1,728 million increase in notes and accounts payable, a ¥1,370 million increase in provision for bonuses, and a ¥971 million increase in electronically recorded monetary obligations, all of which outweighed a ¥3,297 million decrease in debt.

(Net assets)
Net assets were ¥209,757 million, up ¥22,262 million from the end of the previous consolidated fiscal year. This was attributable to numerous factors, including a ¥11,022 million increase in retained earnings, a ¥8,794 million increase in foreign currency translation adjustments due to exchange rate fluctuations, and a ¥1,879 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 and other factors. Furthermore, the equity ratio increased 2.0 percentage points to 62.5%.

(3) Summary of cash flow in the fiscal year under review
Cash and cash equivalents (hereafter referred to as "cash") at the end of the consolidated fiscal year under review amounted to ¥52,888 million, up ¥6,803 million from the end of the previous consolidated fiscal year.
Respective cash flows and their causes are as follows:

(Net cash provided by operating activities)
Net cash provided by operating activities was ¥21,000 million. This was attributable to various factors such as income before income taxes and minority interests of ¥20,081 million and depreciation and amortization of ¥12,694 million, which offset income taxes paid of ¥3,533 million and a ¥8,111 million increase in inventories.

(Net cash used in investing activities)
Net cash used in investing activities was ¥9,075 million. This resulted from ¥8,004 million invested in Mobility production facilities, and other items.

(Net cash used in financing activities)
Net cash used in financing activities was ¥7,780 million. This resulted from ¥3,573 million used to pay for dividends, a ¥3,663 million decrease in debt, and other items.

(4) Outlook for the current fiscal year

The outlook for the current fiscal year is for the situation to remain unclear due to concerns over the impact of COVID-19, as well as the economic impact of energy and materials prices, exchange rate fluctuations, and other factors affected by the global situation. In such circumstances, the Tsubaki Group will continue to move forward with strengthening the earning power of its existing businesses and developing new businesses and products that will lead to sustainable growth, as well as bolstering manufacturing, as we strive to complete the tasks outlined in the Mid-term Management Plan 2025.

The consolidated results forecasts for the fiscal year ending March 31, 2023 are as follows.

Net sales	¥240,000 million (11.2% increase year on year)
Operating income	¥20,000 million (12.1% increase year on year)
Ordinary income	¥20,600 million (2.8% increase year on year)
Net income attributable to parent company shareholders	¥14,900 million (2.5% increase year on year)

The main exchange rates used for the fiscal year ending March 31, 2023 (fiscal 2022) are set at 1 USD=120 JPY and 1 Euro=135 JPY.

The forecasts above are based on information currently available and certain assumptions that the Company regards as reasonable. Actual results may differ from these results forecasts depending on changes in the business environment surrounding the Tsubaki Group, market trends, exchange rate fluctuations, and other factors. Furthermore, factors that may affect the results are not limited to those listed above.

(5) Policy on shareholder returns in the fiscal year under review and in the current fiscal year

The Tsubaki Group views returning profits to its shareholders as one of the highest priorities of management.

Regarding shareholder returns, with a view to focusing our attention on meeting the interests of our shareholders and with paying dividends that reflect consolidated business results as a fundamental policy, we aim to provide shareholder returns based on the comprehensive consideration of such factors as funding conditions and finances, and with a consolidated dividend payout ratio of 30% as a criterion.

In accordance with the policy above, we have decided to issue a year-end dividend of ¥70.00 per share, with a focus on returning profits to our shareholders. Accordingly, together with the interim dividend (of ¥50.00 per share), the full-year dividend will be ¥120.00 per share.

We plan to utilize retained cash for strengthening our underlying financial standing, promoting future business expansion, and for other purposes.

In accordance with the policy above, dividends for the current fiscal year will be as follows: an interim dividend of ¥60.00 per share, a year-end dividend of ¥70.00 per share, resulting in a full-year dividend of ¥130.00 per share.

2. Basic approach to the selection of accounting standards

The Tsubaki Group applies Japanese standards and, for the time being, does not plan to adopt IFRS (International Financial Reporting Standards). However, we will consider responses in light of future trends in accounting standards and other factors.