

# Tsubakimoto Chain Co.

## FY2023 Settlement of Accounts

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### Agenda

Contents	Presenters	Time
<ul style="list-style-type: none"><li>▪ FY2023 Full Year Results</li><li>▪ Initiatives for Realizing Sustainable Growth “Actions for implementation of management conscious of cost of capital and stock price”</li></ul>	Takatoshi Kimura President and COO Representative Director	35 mins
<ul style="list-style-type: none"><li>▪ Q&amp;A</li></ul>	President, Executive Officers in Charge of Business Operations, Financial Affairs, and Corporate Planning	25 mins

- ↑ Both net sales and income increased.
- ↑ Compared with forecasts also, net sales came almost in line with the forecast and income exceeded the estimates.

(million yen)

	FY2022 Actual	FY2023		Inc / Dec			
		Forecast	Actual	YOY	Rate of change (%)	Vs forecast	Rate of change (%)
Net sales	251,574	267,000	<b>266,812</b>	+ 15,238	+ 6.1%	- 187	- 0.1%
Operating income	18,985	19,000	<b>21,262</b>	+ 2,276	+ 12.0%	+ 2,262	+ 11.9%
%	7.5%	7.1%	<b>8.0%</b>				
Ordinary income	20,958	20,900	<b>23,450</b>	+ 2,492	+ 11.9%	+ 2,550	+ 12.2%
Net income	13,742	16,700	<b>18,551</b>	+ 4,809	+ 35.0%	+ 1,851	+ 11.1%
ROE	6.4%	—	<b>7.7%</b>	+ 1.3%	—	—	—
Exchange rate (USD)	135.50	143.75	<b>144.59</b>				
(EUR)	141.00	155.25	<b>156.75</b>				
(RMB)	19.50	19.82	<b>19.82</b>				

# FY2023 Financial Results: Breakdown by Segment

- ↑ Both net sales and income increased, as the chain business maintained its strong performance and the impact of semiconductor shortage eased in the mobility business.
- ↓ Though net sales of the materials handling business increased year on year, it posted a loss. Motion control business also struggled.

(million yen)

	Net sales*1					Operating income				
	FY2022 Actual	FY2023		Rate of change (%)		FY2022 Actual	FY2023		Rate of change (%)	
		Forecast	Actual	YOY	Vs forecast		Forecast	Actual	YOY	Vs forecast
Chain	90,096	94,000	94,151	+ 4.5%	+ 0.2%	13,687	15,500	16,396	+ 19.8%	+ 5.8%
Motion Control	23,316	22,000	22,731	- 2.5%	+ 3.3%	1,710	400	660	- 61.4%	- 65.1%
Mobility	77,275	85,000	84,616	+ 9.5%	- 0.5%	6,376	7,200	7,815	+ 22.6%	+ 8.5%
Materials Handling	60,973	66,000	65,312	+ 7.1%	- 1.0%	- 888	- 1,500	- 1,165	—	—
Other*2	3,200	3,000	3,404	+ 6.4%	+ 13.5%	- 534	- 1,000	- 944	—	—
Adjustment	- 3,287	- 3,000	- 3,402	—	—	- 1,365	- 1,600	- 1,499	—	—
Total	251,574	267,000	266,812	+ 6.1%	- 0.1%	18,985	19,000	21,262	+ 12.0%	+ 11.9%

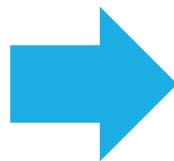
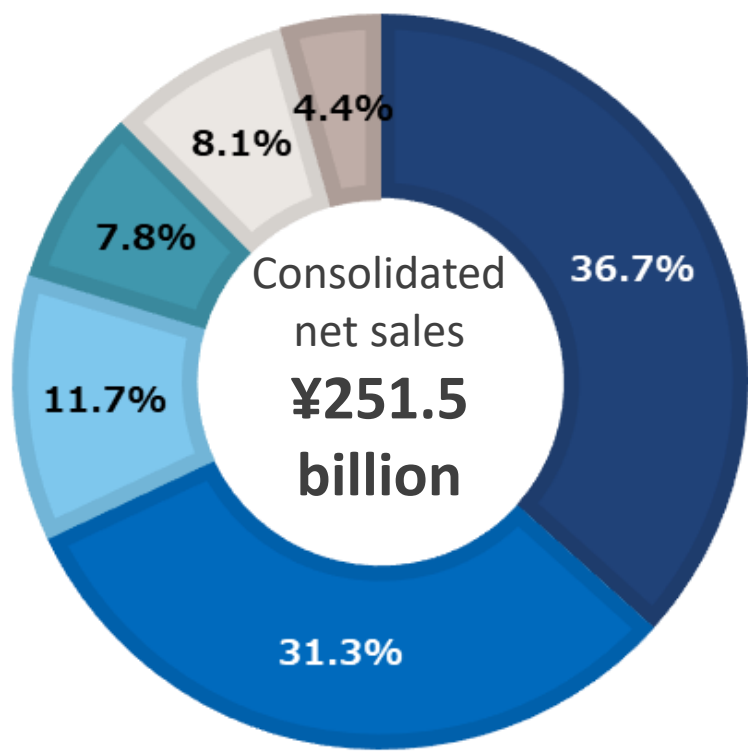
\*1. Net sales include internal sales and transfers between segments.

\*2. Other is not a reportable segment.

# FY2023 Financial Results: Net Sales Breakdown by Region

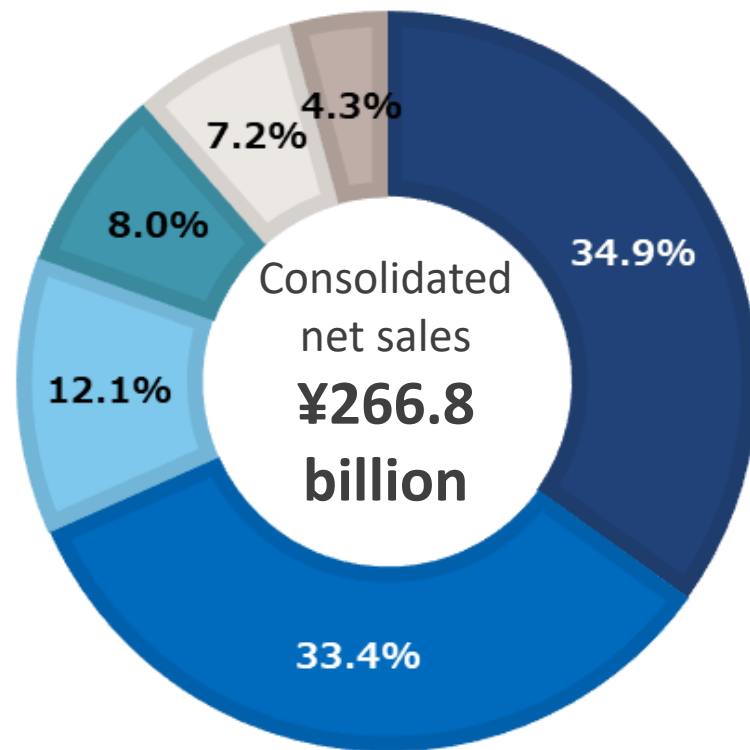
FY2022

Overseas sales ratio: 63.3%



FY2023

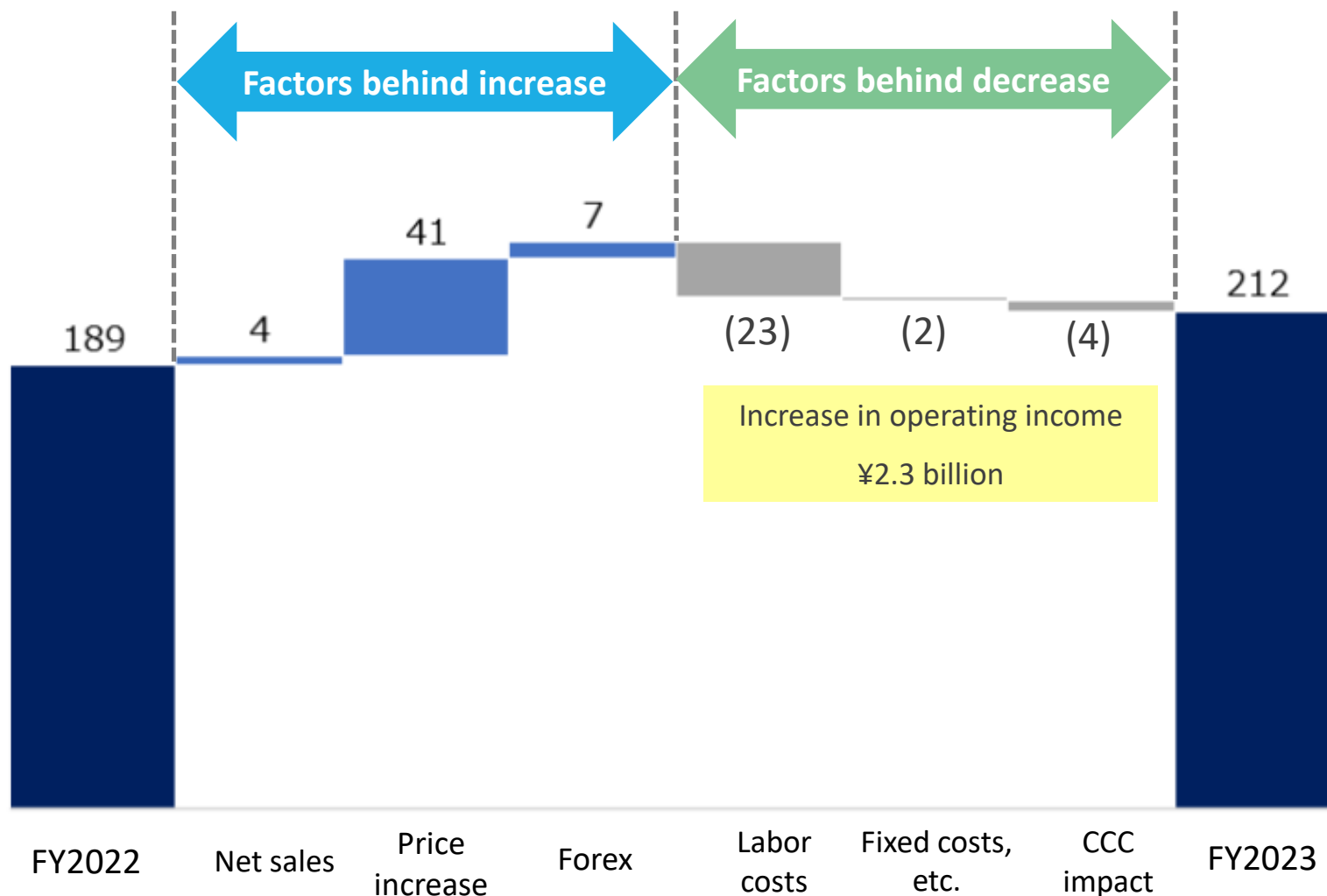
Overseas sales ratio: **65.1%**



■ Japan 
 ■ Americas 
 ■ Europe 
 ■ Indian Ocean Rim 
 ■ China 
 ■ South Korea, Taiwan

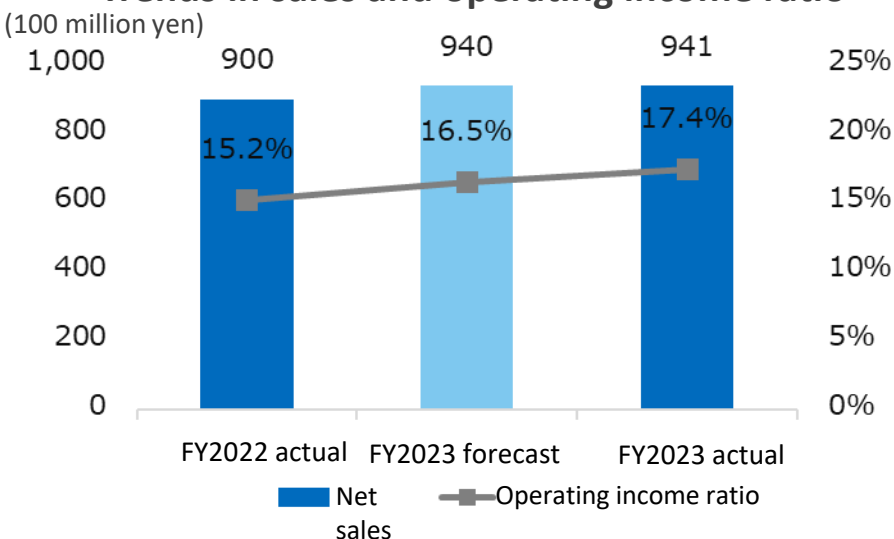
# FY2023 Financial Results: Analysis of Inc/Dec in Consolidated Operating Income

FY2022 results vs FY2023 results

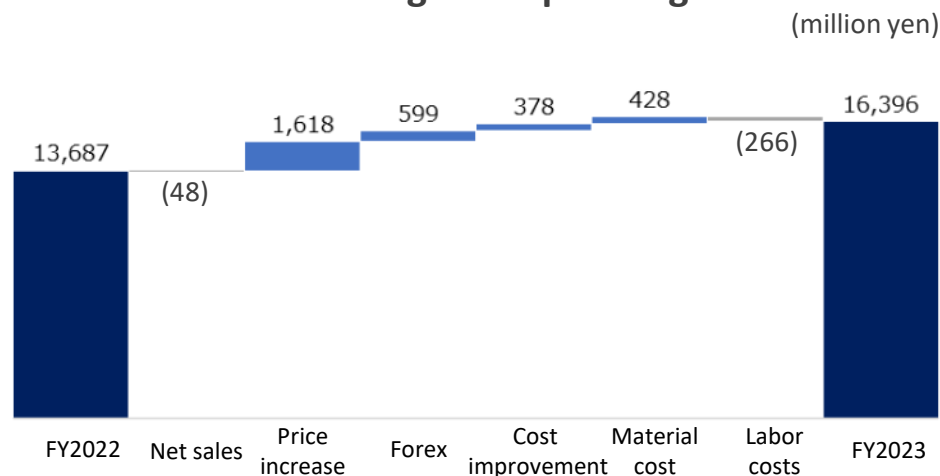


# Financial Results by Segment: Chain Business

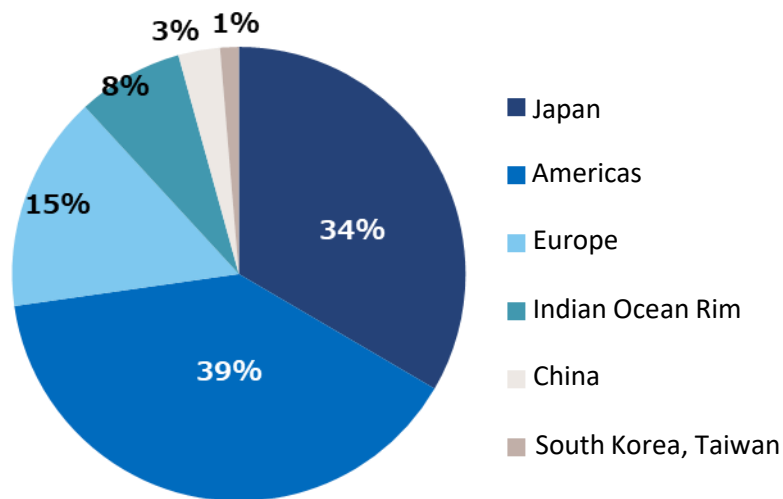
## Trends in sales and operating income ratio



## Factors behind changes in operating income



## Net sales by region



### ✓ YOY

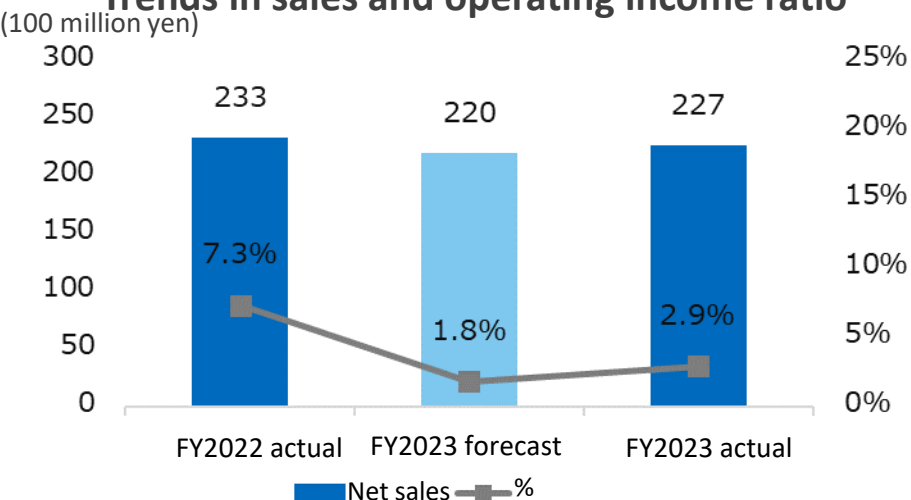
- Sales continued to be strong in Japan and Europe. Income increased partly due to the depreciation of yen, while demand in North America slowed down through the second half of the fiscal year. Both net sales and income increased in total.

### ✓ Vs forecast

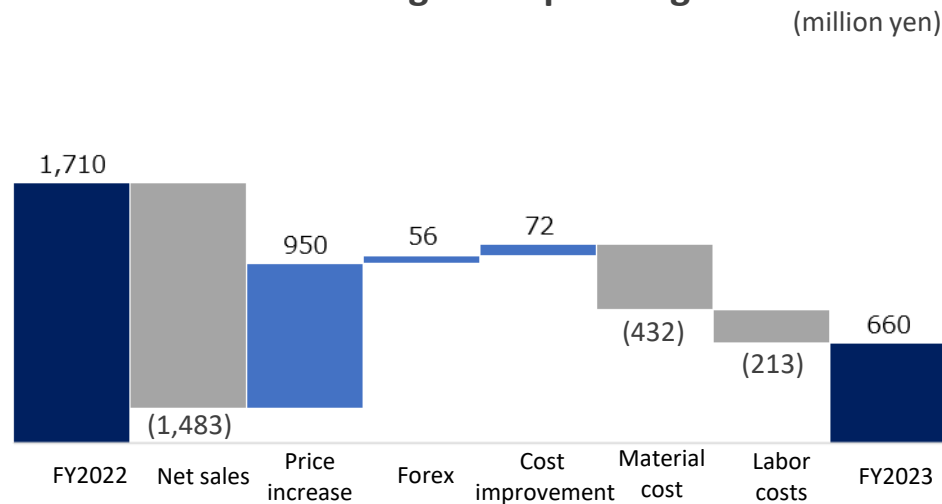
- Net sales were roughly in line with the forecast. Income exceeded the forecast reflecting a decline in transportation costs in North America and other factors.

# Financial Results by Segment: Motion Control Business

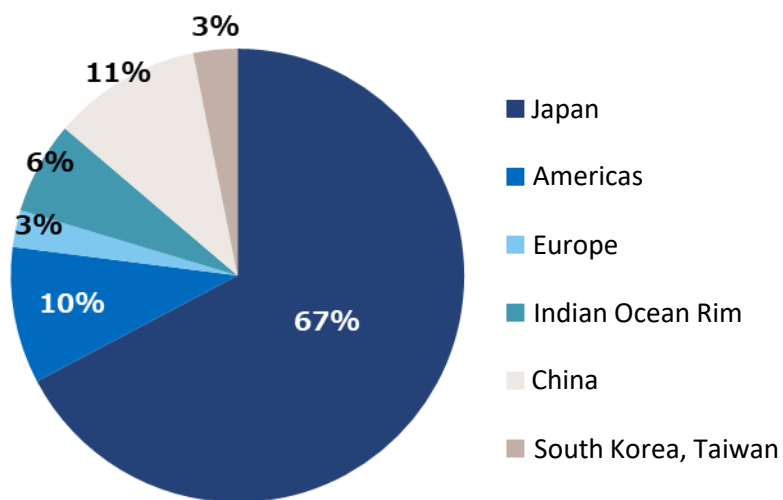
## Trends in sales and operating income ratio



## Factors behind changes in operating income



## Net sales by region



### ✓ YOY

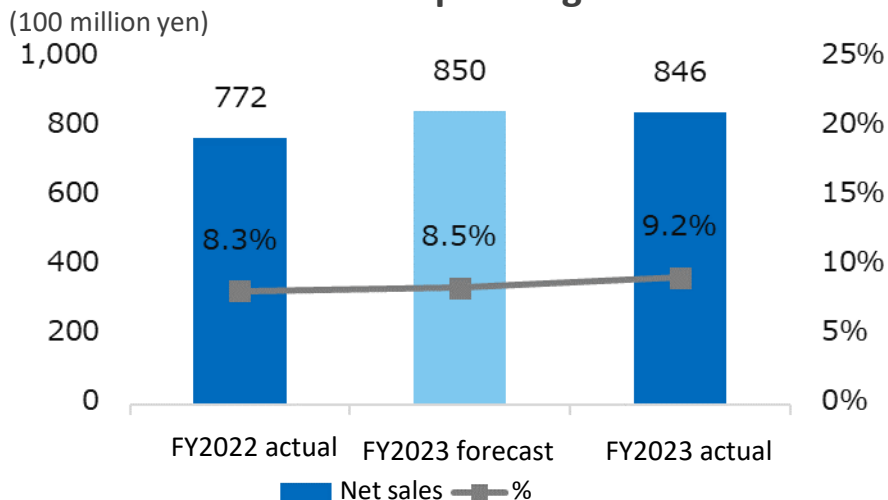
- Delays in recovery of sales to the machine tool industry and for LCD / semiconductor manufacturing equipment. Both sales and income declined as the business struggled in general, although sales for LCD / semiconductor manufacturing equipment have been recovering since the second half.

### ✓ Vs forecast

- Net sales were roughly in line with the forecast. Operating income exceeded the forecast as we made efforts to reduce various costs.

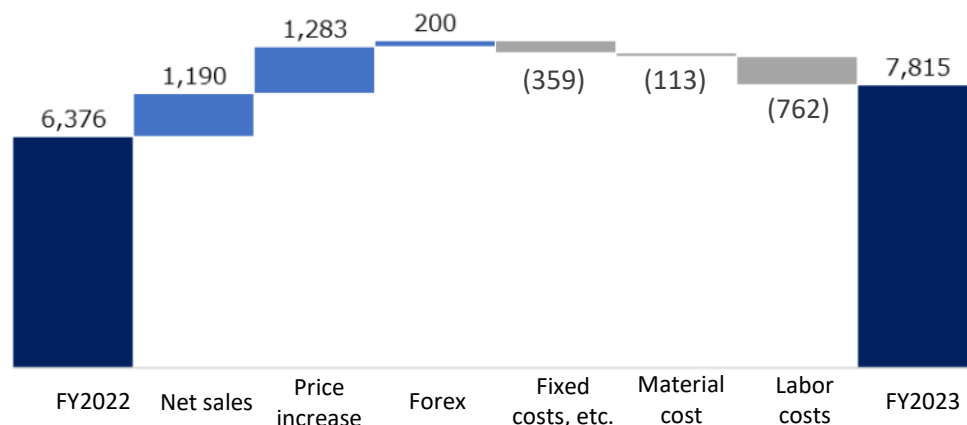
# Financial Results by Segment: Mobility Business

## Trends in sales and operating income ratio

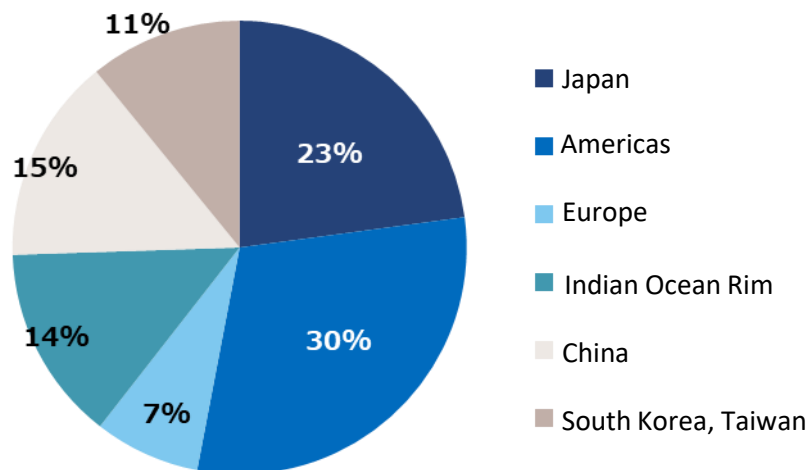


## Factors behind changes in operating income

(million yen)



## Net sales by region



### ✓ YOY

- Both net sales and income increased as sales rose in various areas excluding China and Indian Ocean Rim following the end to semiconductor shortage.

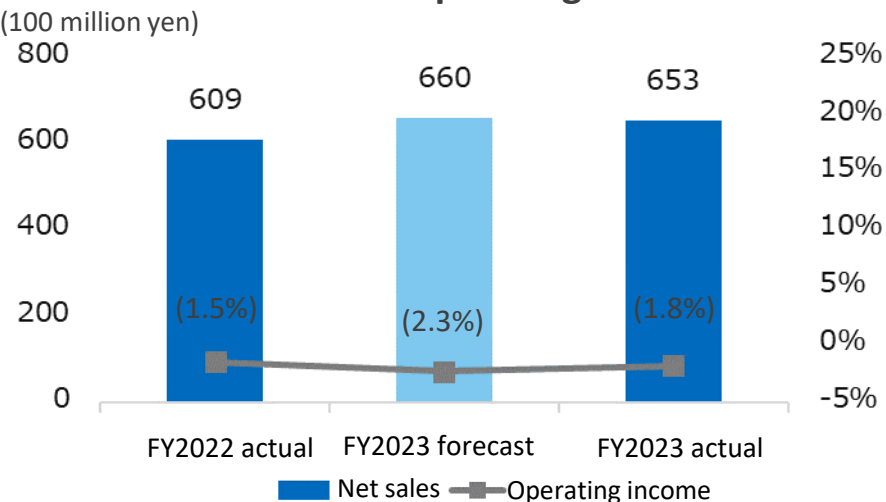
### ✓ Vs forecast

- Net sales were roughly in line with the forecast. Operating income exceeded the forecast given strong sales in Japan and the U.S.

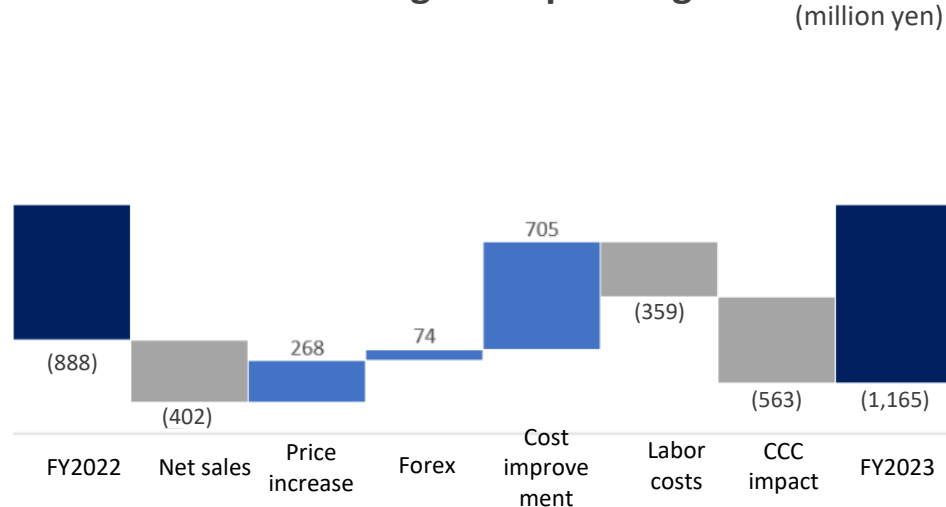


# Financial Results by Segment: Material Handling Business

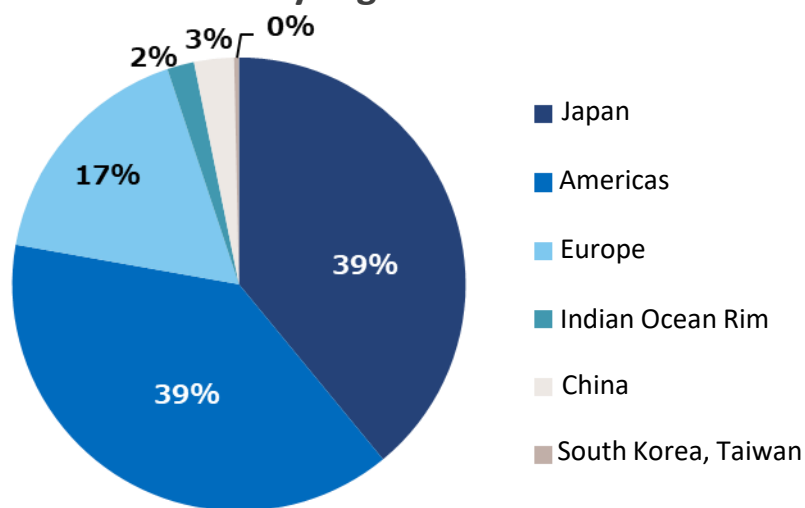
## Trends in sales and operating income ratio



## Factors behind changes in operating income



## Net sales by region



### ✓ YOY

- Net sales increased as sales of bulk material handling systems were strong in Japan for biomass power generation, etc. and sales of Mayfran business grew in Americas.
- Loss increased as a subsidiary in North America posted loss and sales of systems for the logistics industry in Japan declined.

### ✓ Vs forecast

- Net sales came roughly in line with the forecast.
- Narrowed the loss through cost reduction.

↑ Projecting increases in both net sales and income with 4.9% and 8.2% YoY rises in net sales and operating income, respectively.

Net income is projected to rise by 18.6% including sales of cross-shareholdings.

(million yen)

	FY2023 Actual	FY2024			YOY Rate of change (%)
		1st half forecast	2nd half forecast	Full year forecast	
Net sales	266,812	136,000	144,000	280,000	4.9%
Operating income	21,262	9,400	13,600	23,000	8.2%
%	8.0%	6.9%	9.4%	8.2%	
Ordinary income	23,450	10,000	14,000	24,000	2.3%
Net income	18,551	9,000	13,000	22,000	18.6%
Exchange rates					
(USD)	144.59 yen	145.00 yen		145.00 yen	
(EUR)	156.75 yen	155.00 yen		155.00 yen	
(RMB)	19.82 yen	20.32 yen		20.16 yen	

↑ Net sales of all businesses are projected to increase.

The material handling and motion control businesses are projected to have higher income thanks to profitability improvement, while income of the chain business is likely to decline as demand in North America settles down.

(million yen)

	Net sales* <sup>1</sup>			Operating income		
	FY2023 Actual	FY2024 Forecast	Rate of change (%)	FY2023 Actual	FY2024 Forecast	Rate of change (%)
Chain	94,151	95,000	+ 0.9%	16,396	15,500	- 5.5%
Motion Control	22,731	24,000	+ 5.6%	660	1,000	+ 51.4%
Mobility	84,616	90,000	+ 6.4%	7,815	8,200	+ 4.9%
Materials Handling	65,312	71,000	+ 8.7%	- 1,165	1,200	—
Other* <sup>2</sup>	3,404	4,000	+ 17.5%	- 944	- 1,000	—
Adjustment	- 3,402	- 4,000	—	- 1,499	- 1,900	—
Total	266,812	280,000	+ 4.9%	21,262	23,000	+ 8.2%

\*1. Net sales include internal sales and transfers between segments.

\*2. Other is not a reportable segment.

## Forecast by Segment: Chain Business

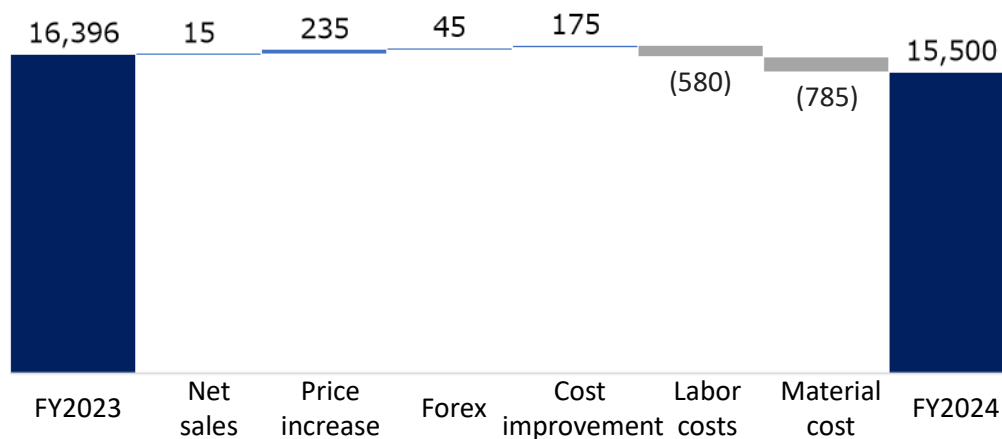
\*1. Net sales include internal sales and transfers between segments.

(million yen)

Net sales*1					Operating income				
FY2023 Actual	FY2024 forecast			Rate of change (%)	FY2023 Actual	FY2024 forecast			Rate of change (%)
	1st half	2nd half	Full year			1st half	2nd half	Full year	
94,151	47,000	48,000	95,000	+ 0.9%	16,396	7,000	8,500	15,500	- 5.5%

### Factors behind changes in operating income

(million yen)



#### ✓ Net sales

Net sales are projected to remain at a similar level to the previous year due to slowing overseas demand, etc.

#### ✓ Operating income

Assuming a 5.5% decline in income year on year due to increase in labor costs and other factors, while we will try to improve costs through automation and manpower saving of production and insourcing.

# Forecast by Segment: Motion Control Business

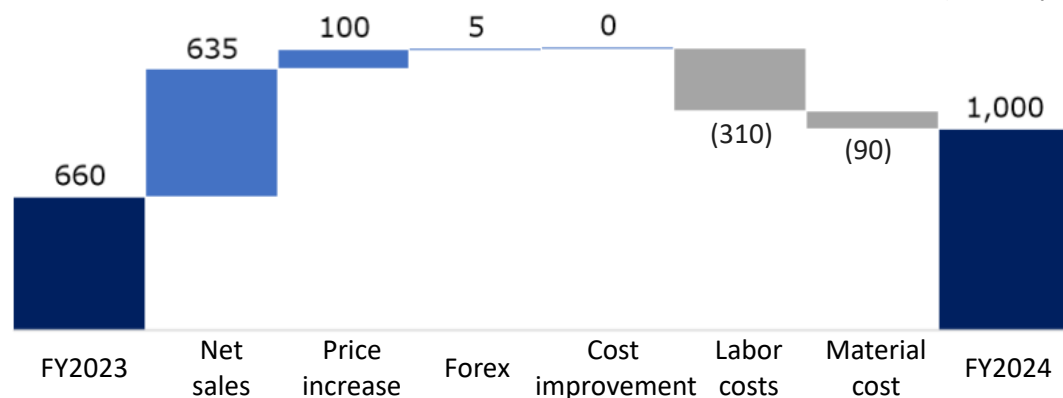
\*1. Net sales include internal sales and transfers between segments.

(million yen)

Net sales*1					Operating income				
FY2023 Actual	FY2024 forecast		Rate of change		FY2023 Actual	FY2024 forecast		Rate of change	
	1st half	2nd half	Full year	(%)		1st half	2nd half	Full year	(%)
22,731	11,000	13,000	24,000	+ 5.6%	660	300	700	1,000	+ 51.4%

## Factors behind changes in operating income

(million yen)



### ✓ Net sales

Net sales are projected to increase 5.6% year on year, on the expectation of full recovery in sales for the semiconductor industry and machine tool industry in the second half of FY2024.

### ✓ Operating income

Projecting a 51.5% increase year on year in operating income thanks to profitability improvement due to growth in net sales and increases in product prices, despite rising labor costs and the impact of price increase of materials for motors, etc.

## Forecast by Segment: Mobility Business

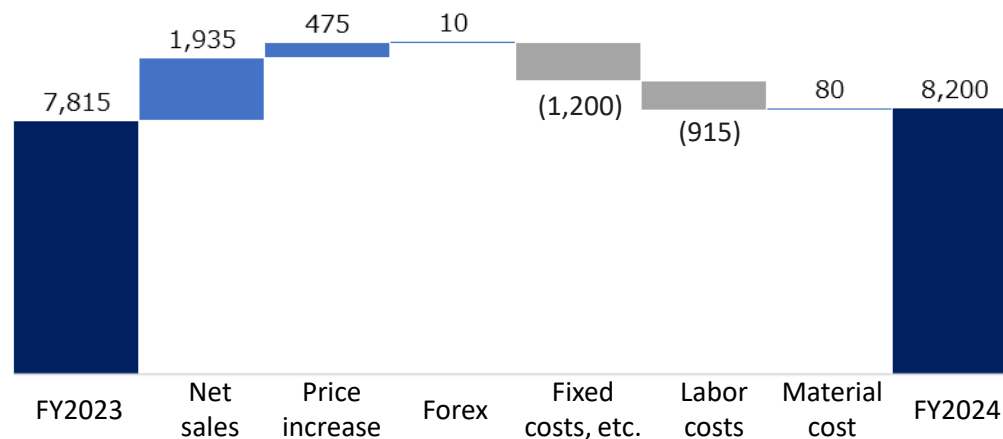
\*1. Net sales include internal sales and transfers between segments.

(million yen)

Net sales*1					Operating income				
FY2023 Actual	FY2024 forecast			Rate of change (%)	FY2023 Actual	FY2024 forecast			Rate of change (%)
	1st half	2nd half	Full year			1st half	2nd half	Full year	
84,616	44,000	46,000	90,000	+ 6.4%	7,815	3,300	4,900	8,200	+ 4.9%

### Factors behind changes in operating income

(million yen)



#### ✓ Net sales

Net sales are projected to rise 6.4% from FY2023 as global automobile sales pick up.

#### ✓ Operating income

Projecting a 4.9% increase year on year in operating income reflecting profitability improvement due to the growth in net sales and increases in product prices, although there are rising labor costs and increases in manufacturing costs from production increase.

# Forecast by Segment: Materials Handling Operations Business

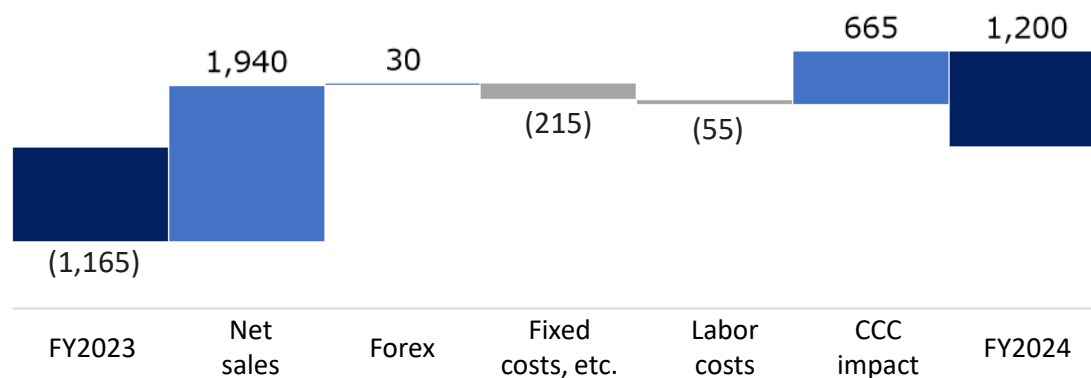
\*1. Net sales include internal sales and transfers between segments.

(million yen)

Net sales*1					Operating income				
FY2023 Actual	FY2024 forecast			Rate of change (%)	FY2023 Actual	FY2024 forecast			Rate of change (%)
	1st half	2nd half	Full year			1st half	2nd half	Full year	
65,312	34,000	37,000	71,000	+ 8.7%	- 1,165	100	1,100	1,200	—

## Factors behind changes in operating income

(million yen)



### ✓ Net sales

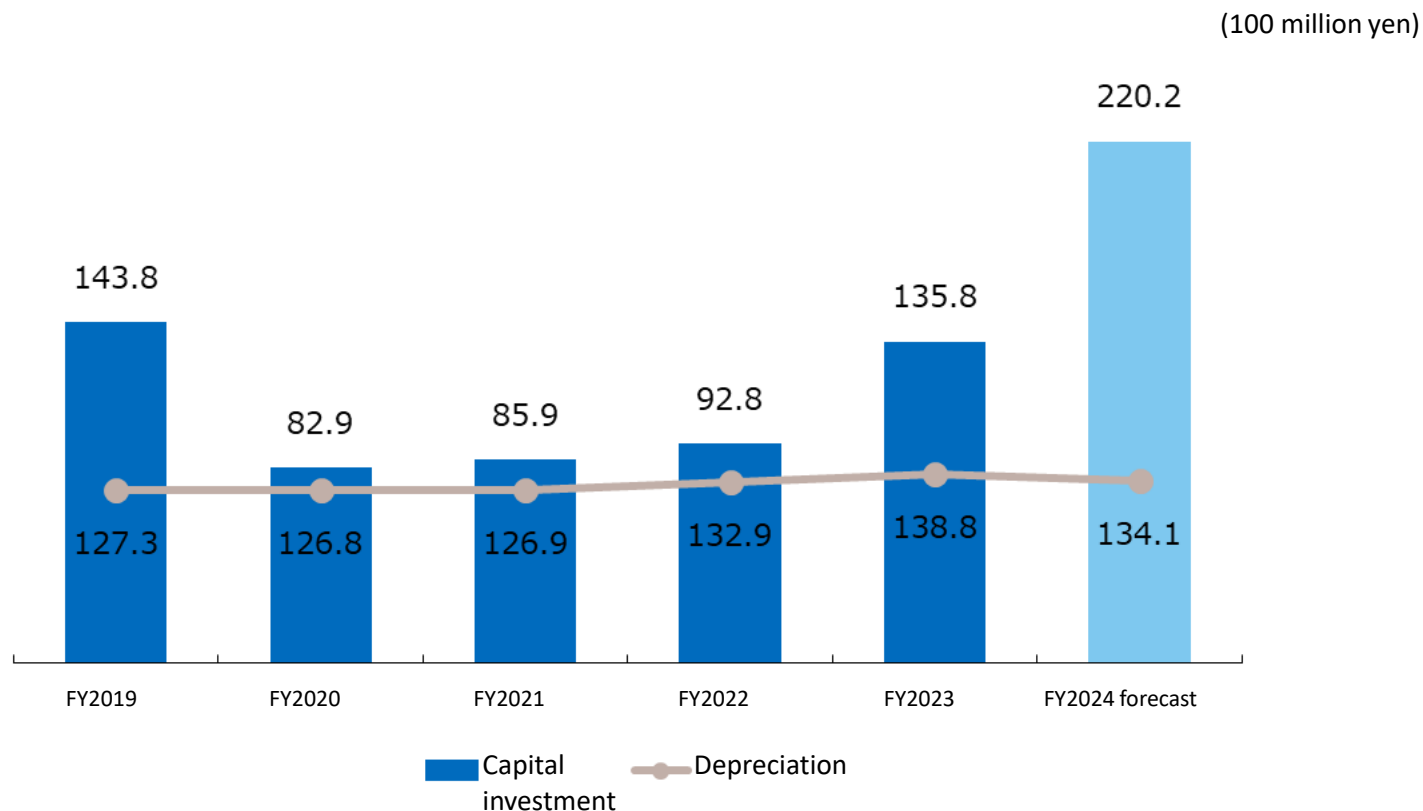
Projecting net sales to increase 8.7% year on year on continued strength in bulk material handling systems and increases in sales to the logistics industry and of automobile handling systems in Japan.

### ✓ Operating income

Projecting ¥1.2 billion in operating income owing to the sales increase in Japan and profitability improvement at CCC.

## ✓ Capital investment to strengthen growth potential

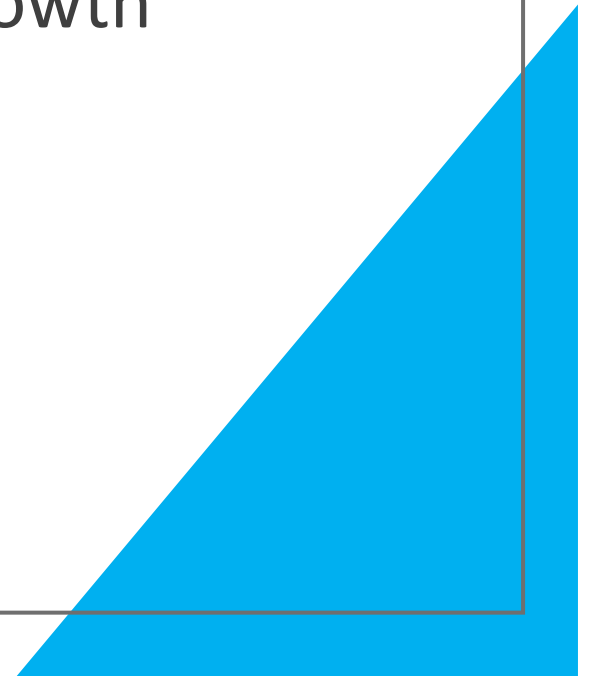
- Investment in more efficient and automated production system (all businesses)
- Enhancement of facilities for the chain business in North America





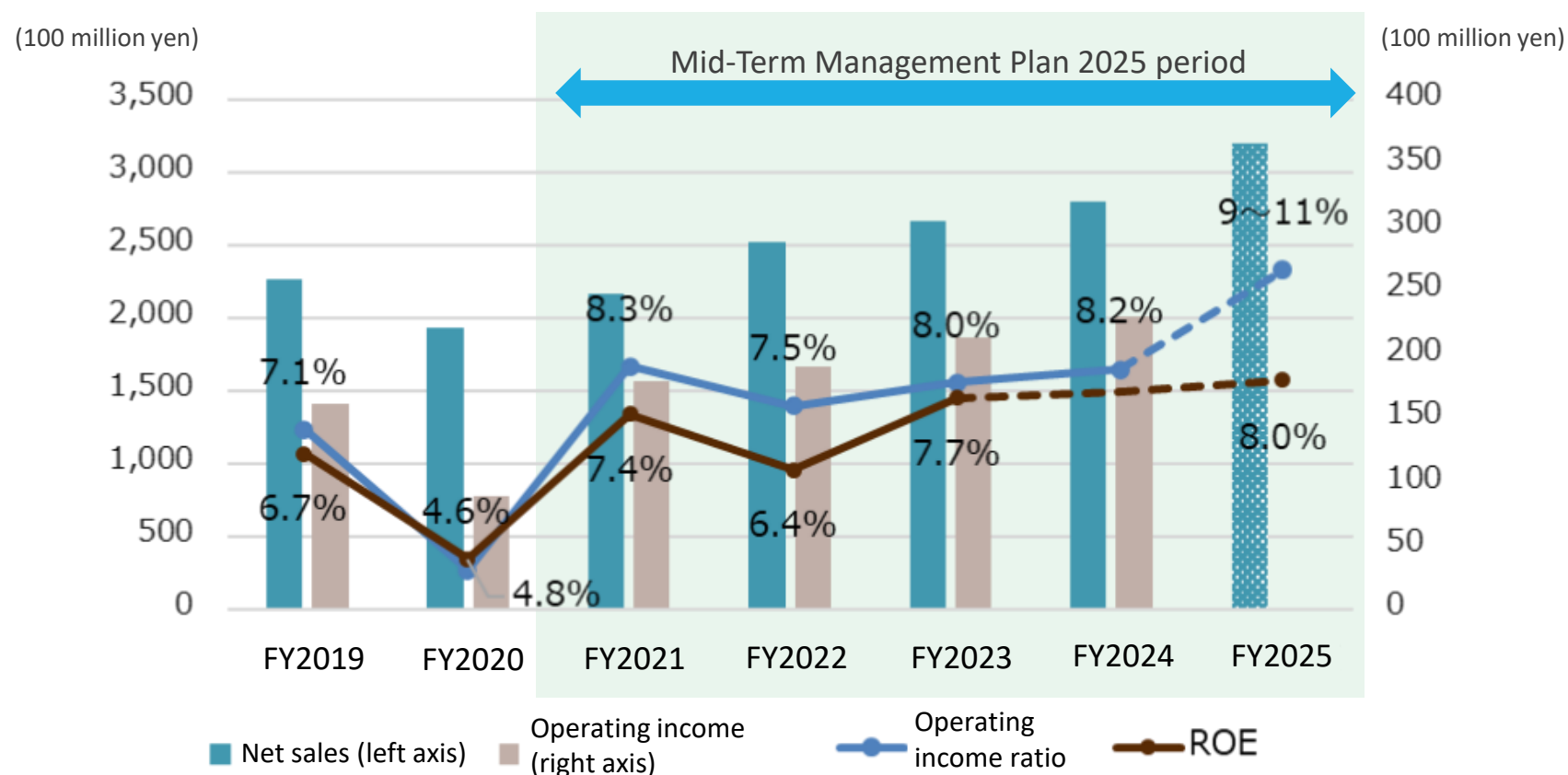
# Initiatives for Realizing Sustainable Growth

“Actions for implementation of management conscious of cost of capital and stock price”



## Mid-Term Management Plan 2025 target figures

Net sales of ¥300 to 320 billion, operating income ratio of 9 to 11%, ROE of 8% or more in FY2025



Recognition of  
current status

- ✓ P/B ratio was 0.71 at the end of FY2023, and we need to take urgent measures to improve it

## Policies

- ✓ Promote both **speedy implementation of strategies** listed in the Mid-Term Management Plan 2025, **vitalization of investment** in new businesses, and **strengthening of shareholder returns**

Concrete  
measures

- ✓ **Sustainable profit growth** through implementation of the growth strategy
- ✓ **Strategic shareholder returns** conscious of an appropriate level of cash and deposits

## Sustainable Profit Growth through Implementation of Growth Strategies: Growth Investment

Actively promote three types of investments for sustainable growth



New products, new businesses



Environment (carbon neutrality)



Human capital  
(human resource development, employee  
engagement)

## Sustainable Profit Growth through Implementation of Growth Strategies: Chain

Medium- to long-term policy for business expansion and sustainable profit growth

- ✓ New manufacturing bases and strengthening of supply structure
  - Improve quality, supply capability, and profitability through promotion of automation and DX at manufacturing bases around the world, development of new manufacturing technology, etc.
  - Consider new manufacturing bases (Europe and India)
  - Enhance functions that can be customized at sales bases

**Systematically implement investment in product development and M&A for implementation of the above**

- ✓ Global expansion of sales
  - Expand sales in existing markets (Americas, Europe, China, and Southeast Asia)
  - Develop markets in areas without presence (India, South Africa, and Middle East)



# Sustainable Profit Growth through Implementation of Growth Strategies: Chain

Short-term goals, ongoing projects

## ✓ Further strengthen No. 1 products

- Introduction of ultra-small and world's smallest roller chains

Develop new markets in addition to general industries



- Introduction of the next-generation roller chain G9 (planned in 2026)

Development concept  
"Gentle for the earth,  
gentle for you"

### Development goals (vs the previous model)

- ✓ Fatigue strength improvement: 20%
- ✓ Wear resistance improvement: 40%
- ✓ Safety improvement, etc.

Under development



- Introduction of environmentally friendly products

Development and introduction of products using recycled and biomass materials

Idler for plastic chains



Cable carrier



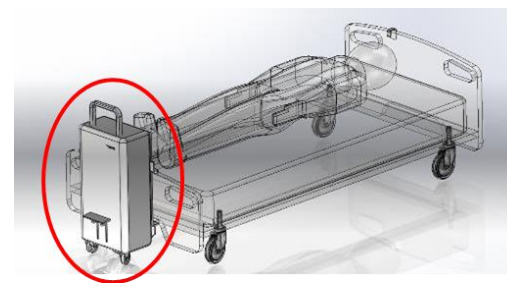
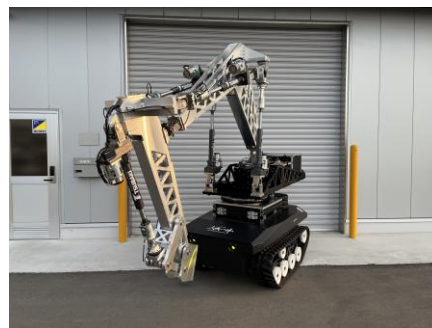
# Sustainable Profit Growth through Implementation of Growth Strategies: Motion Control

Medium- to long-term policy for business expansion and sustainable profit growth

## ✓ Product development with a clear global roadmap

(product development suitable for the markets with focus on core products)

- ① Linear actuator
- ② Cam clutch
- ③ Worm reducer
- ④ Drive control unit



## ✓ Globalization of manufacturing bases and sales

Local production of key (core) products in European countries, which strongly prefer OEM

Overseas sales ratio: present 30%  $\Rightarrow$  aim for 50%



# Sustainable Profit Growth through Implementation of Growth Strategies: Motion Control

Short-term goals, ongoing projects

## ✓ Bolster sales engineers and promote zip products in the market

- Develop and sell Arc Chain\* Actuator™  
Mass production was finalized for the product, which is adopted for the opening and closing device of cargo compartment of wing trucks. Promote sales expansion

\*Interlocking chain that extends and contracts in an arch shape



## ✓ Globally roll out local knockdown production and after-sales service business

- Approach key customers to which we supply large-sized conveyor chains  
Regions: Australia, Canada, Europe, South Africa, etc.  
Industries: Mining, steel, forestry, sugar production, bulk material handling infrastructure-related, etc.  
Products: Linear actuator, cam clutch



# Sustainable Profit Growth through Implementation of Growth Strategies: Mobility

Medium- to long-term policy for business expansion and sustainable profit growth

## ✓ Acquire and expand new businesses (non-timing businesses)

- A battery-assisted tricycle which anyone can ride

“おもい”をのせて どこまでも、らしく。  
**LASIQUE**

Promote development of LASIQUE

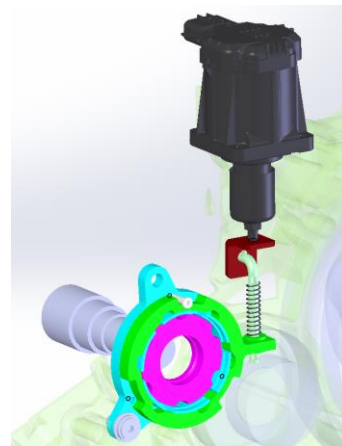


Reduce burden, improve work efficiency, and develop worker-friendly environment



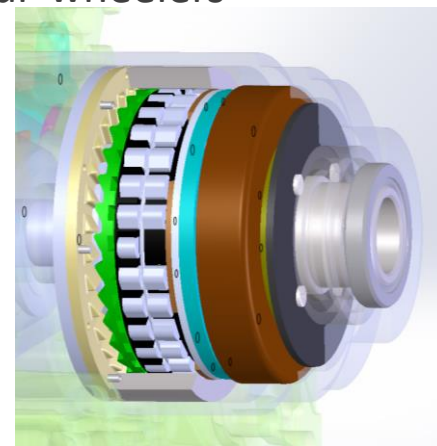
Began demonstration experiment for commercial use with Suginami Ward, Tokyo (from June 2024)

- Clutches and units for four-wheelers



For parking lock (for xEV and ICE)

For switching 2WD and 4WD (for HEV and BEV)



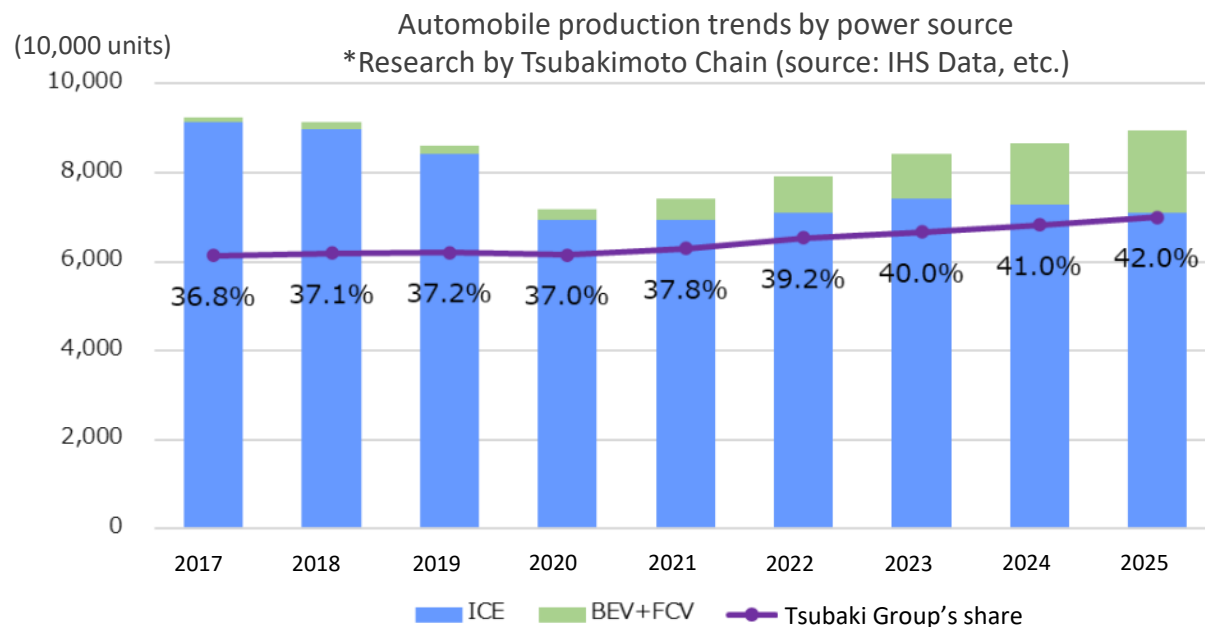
- Chain and clutch for personal mobility

# Sustainable Profit Growth through Implementation of Growth Strategies: Mobility

Short-term goals, ongoing projects

## ✓ Expand ICE business and ensure profit

- Develop and supply timing system in response to new exhaust gas regulations such as EURO7
- Develop and supply timing system for HEV and PHEV
- Capture and win orders for PHEV and range extender in the Chinese market
- Rebuild manufacturing through review of demand in the North American market
- Improve productivity by leveraging DX



# Sustainable Profit Growth through Implementation of Growth Strategies: Material Handling

Medium- to long-term policy for business expansion and sustainable profit growth

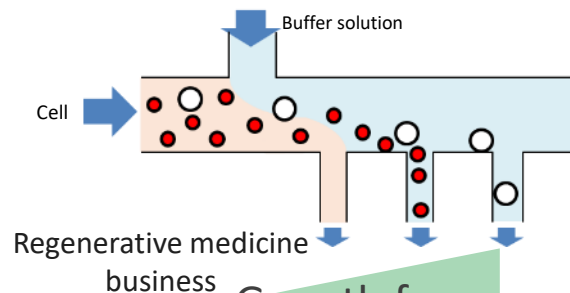
- ✓ Introduce new products and technologies



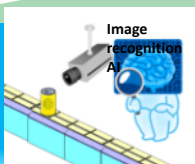
Semiconductor OHT business



Environmental upcycling business



Growth from new businesses



AI image recognition

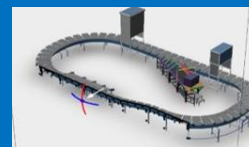


Liquid handling

Growth from transformation



T-AstroX



Cross belt sorter

Growth from existing businesses

2023

2024

2025

2026

2027

2028

2029

2030

# Sustainable Profit Growth through Implementation of Growth Strategies: Material Handling

Short-term goals, ongoing projects

## ✓ Promote differentiation strategy

System integration business  
[Promote DX of logistics]

★ Establishment of Nexa Ware Co., Ltd.  
A joint venture with KDDI Corporation

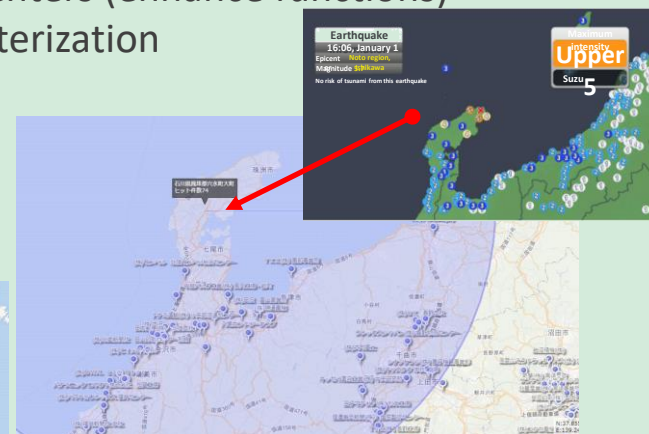


Transform logistics with customers

Propose a scheme that enables introduction of new solutions for lowering hurdles for investment by leveraging data

After-sales service business  
[Expand maintenance business domains]

- ★ The growth leader of the Tsubaki Group
- Transform call centers (enhance functions)
  - Promote computerization



Transform into the No. 1 service provider in the industry

Support operation of customer facilities around the clock

# Sustainable Profit Growth through Implementation of Growth Strategies: New Businesses

Medium- to long-term strategy for expanding business and improving profit



✓ Business domains envisioned by the New Business Development Center

## Creating a people-friendly society

- Human-assist business
- Physical function enhancement
- Rehabilitation
- Nursing care
- DX and IT business

## Creating an earth-friendly society

- Energy infrastructure business
- Environmental actions
- PCS (power control system)

## Building safe and secure living infrastructure

- New mobility business
  - ↳ Super small vehicle
  - Automobile-related units
  - Battery-assisted tricycle (LASIQUE)
- Maintenance business (After-sales service)
  - ↳ Remote maintenance
- Agriculture business
- Drone business

Creating a people-friendly society

Creating an earth-friendly society

Building safe and secure living infrastructure



# Initiatives toward the realization of a sustainable society— Sustainability



## Expansion of environment-related investment

- ✓ Changed targets for Scope 1 and 2 emission reduction following acquisition of the SBT certification
  - ⇒ Tsubaki Group to **reduce emissions 42% by FY2030 compared to FY2021**
    - Transform processes including heat treatment process, **expand decarbonization investment**
    - Expand environmentally friendly products

## ✓ Investment for renewal of manufacturing bases

- ⇒ Maintain and improve productivity and realize people-friendly production plants
  - Consider rebuilding Nagaokakyo Plant (motion control business), which is more than 50 years old, including reorganization for implementing production method reforms aimed at achieving carbon neutrality



# Initiatives toward the realization of a sustainable society— Sustainability



## Human capital investment and employee engagement

✓ Make active investment in human capital

⇒ Improve medium- to long-term corporate values by raising employee engagement and maximizing the value of human capital

Formulate human resource strategy linked to the management strategy

- Promote systematic nurturing
- Reinforce human resources by hiring and reskilling
- Promote diversity

Develop highly satisfying environment

**Personnel system**

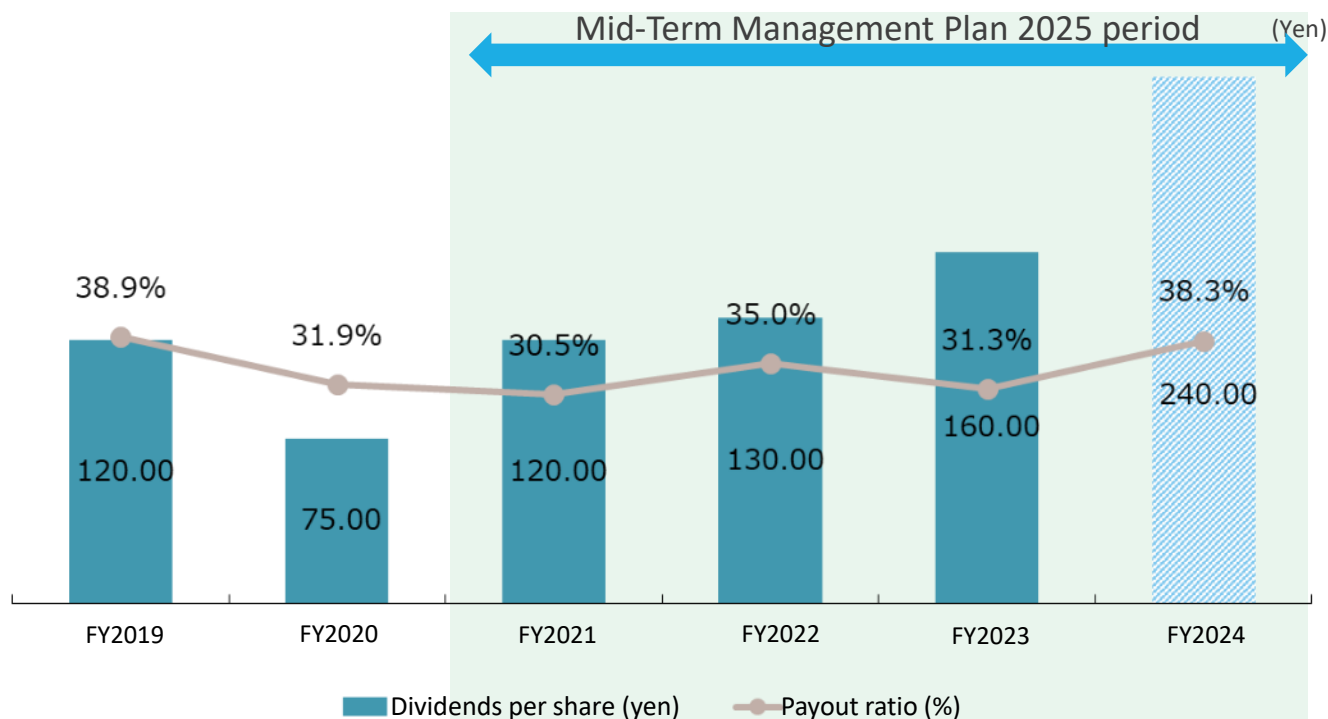
**reform**, salary, labor conditions, etc.

**Health and productivity management**, work hours, etc.

**Work environment development**, welfare facilities, etc.

## Strategic Shareholder Returns Conscious of Appropriate Level of Cash and Deposits

- ✓ Raised the basic policy of the consolidated dividend payout ratio of ordinary dividend from 30% as a base to 35% or higher
- ✓ Flexibly implement share repurchase, etc.
- ✓ Promote sale of cross-shareholdings with a target of 10% or lower of consolidated net assets as of the end of March 2026



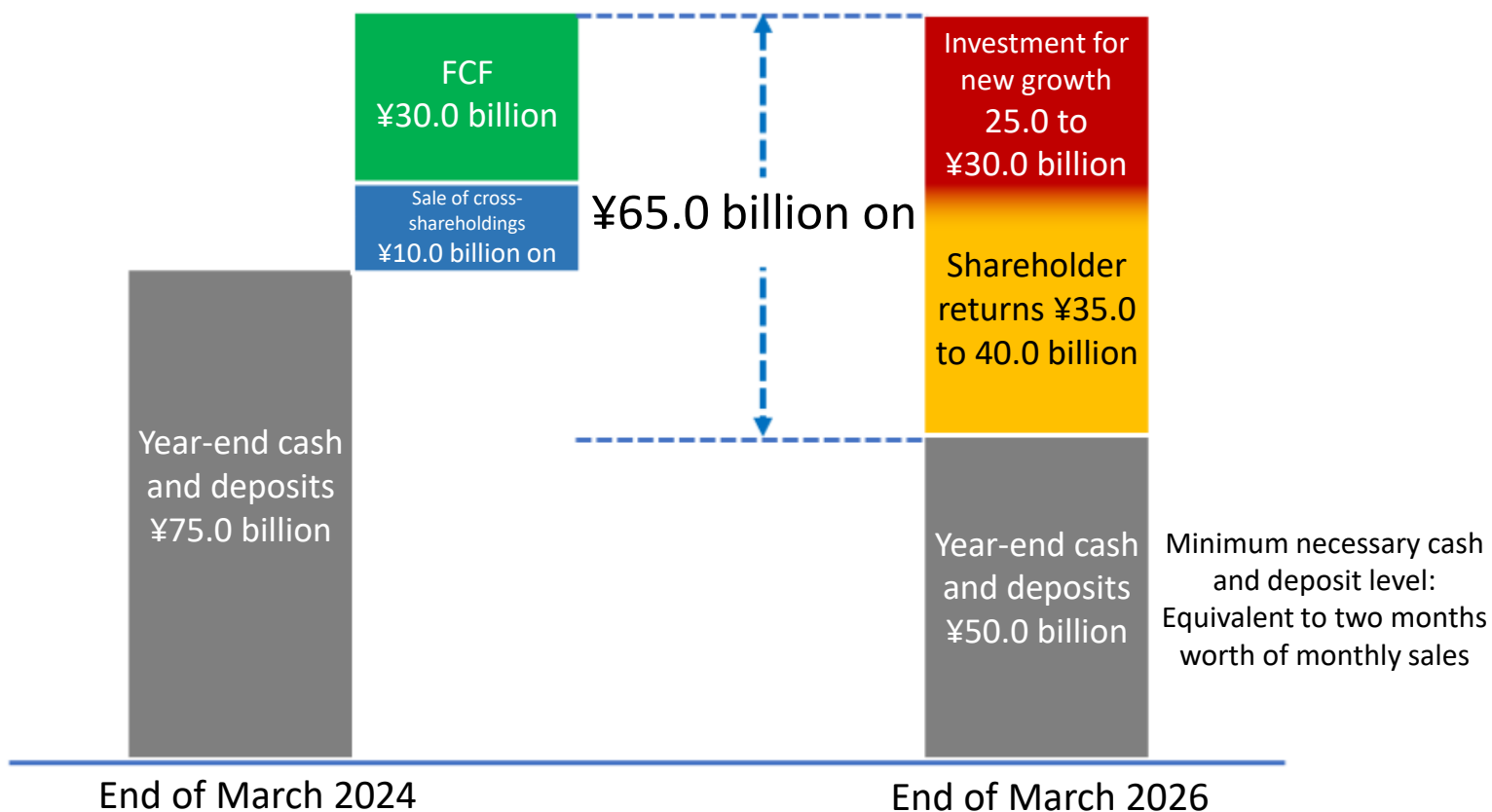
### Share repurchase

			Implemented ¥5.0 billion worth of repurchase 3.2% of outstanding shares	To implement ¥10.0 billion worth of repurchase 5.0% of outstanding shares	
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# Cash Allocation Mid-Term Management Plan 2025 Period (2 Years)

- ✓ Promote both growth investment and shareholder returns for achievement of Long-Term Vision 2030

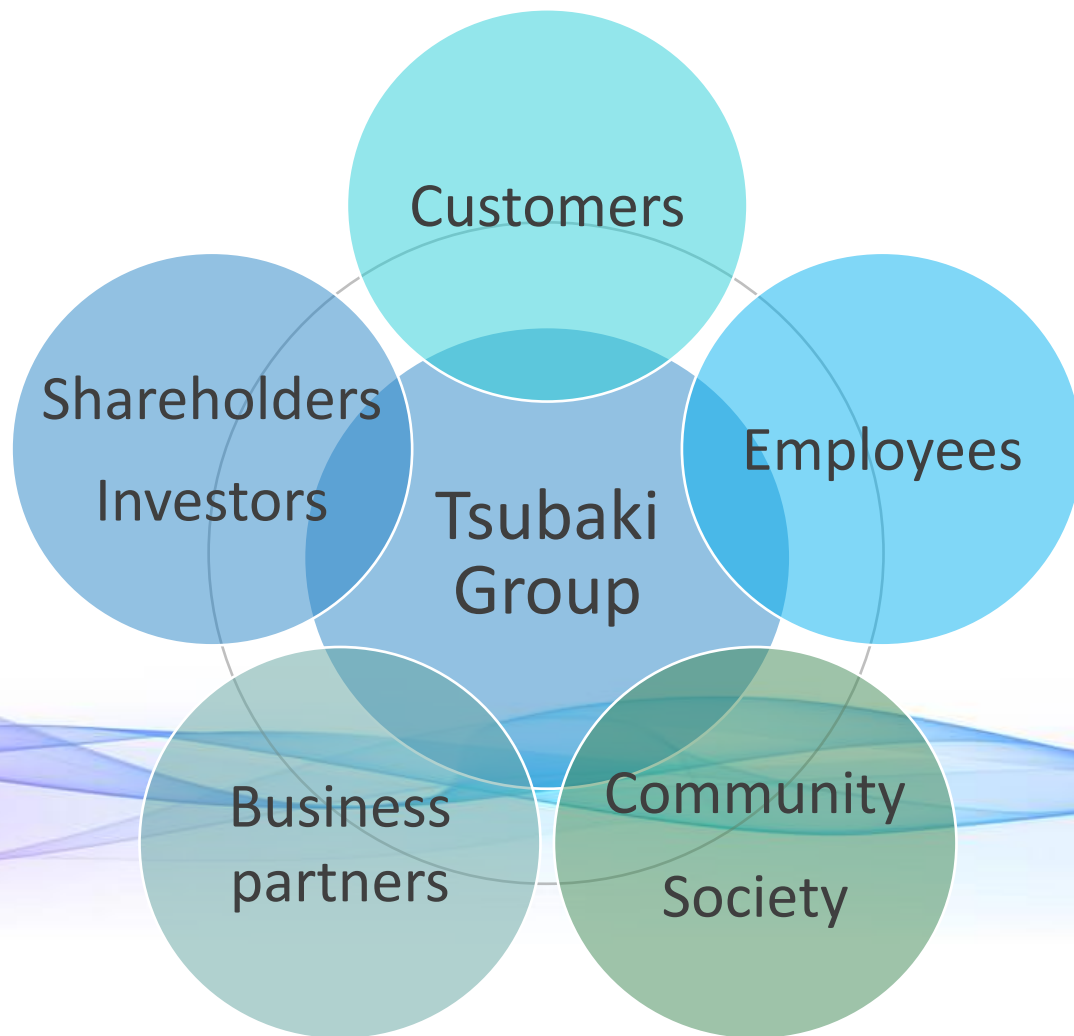


## Expo 2025 Osaka, Kansai, Japan

### Sponsoring and participating in Osaka Healthcare Pavilion



Conceptual drawings of Osaka Healthcare Pavilion Nest for Reborn



Based on the **Declaration of Partnership Building**, Tsubaki Group will promote collaboration and coexistence and co-prosperity with business partners and businesses that aim to create value. At the same time, the Group, based on the **multi-stakeholder policy**, will work on co-creation of values and improvement of productivity together with stakeholders. The group will appropriately distribute resultant profits and results to multi-stakeholders.

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.