

# Tsubakimoto Chain Co.

## FY2024 Q2 Settlement of Accounts

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### — Agenda —

Contents	Presenters	Time
<ul style="list-style-type: none"><li>• FY 2024 Second Quarter Results</li><li>• Initiatives for Realizing Sustainable Growth</li></ul>	Takatoshi Kimura President and COO Representative Director	30 mins
<ul style="list-style-type: none"><li>• Q &amp; A</li></ul>	President, Executive Officers in Charge of Business Operations and Financial and Corporate Planning Affairs	30 mins

- ↑ Sales and income increased YOY. Progress was almost in line with forecasts.
- ↓ The Chain and Motion Control businesses struggled on a volume basis, largely due to the effect of the weak yen.

(Yen, millions)

	FY2023 Q2	FY2024 Q2		Inc / Dec			
		Forecast	Actual	YOY	%	Vs. forecast	%
Net sales	128,760	136,000	<b>136,360</b>	+ 7,599	+ 5.9%	+ 360	+ 0.3%
Operating income	8,622	9,400	<b>9,459</b>	+ 837	+ 9.7%	+ 59	+ 0.6%
%	6.7%	6.9%	<b>6.9%</b>				
Ordinary income	10,364	10,000	<b>11,225</b>	+ 861	+ 8.3%	+ 1,225	+ 12.3%
Net income	7,300	9,000	<b>10,014</b>	+ 2,713	+ 37.2%	+ 1,014	+ 11.3%
Exchange rates (USD)	141.06	145.00	<b>152.77</b>				
(EUR)	153.46	155.00	<b>166.06</b>				
(RMB)	19.45	20.32	<b>21.06</b>				

↑ Chain increased sales and decreased income YOY, but increased sales and income vs. forecast.

Materials Handling posted a loss but improved significantly YOY.

↓ Recovery in Motion Control was delayed due to industry trends among major customers.

(Yen, millions)

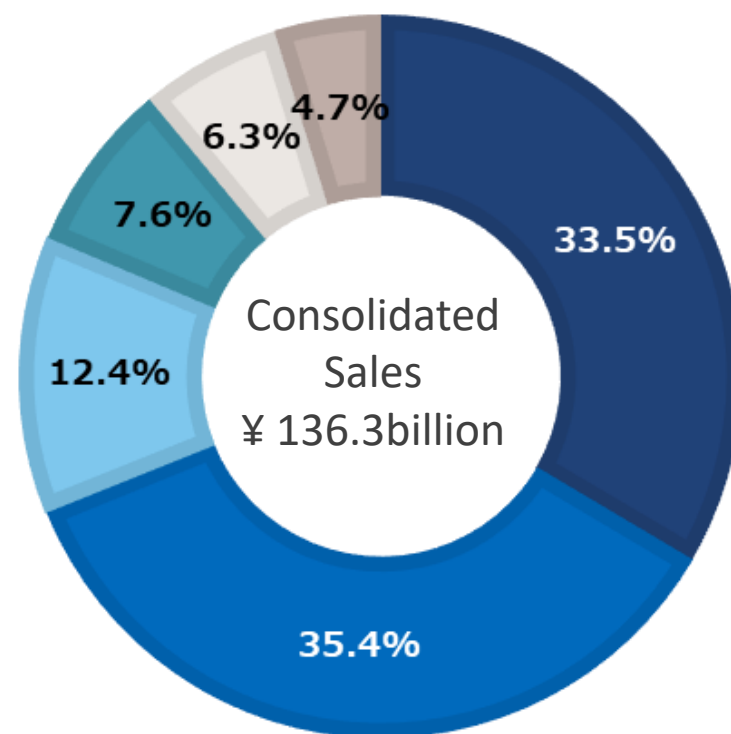
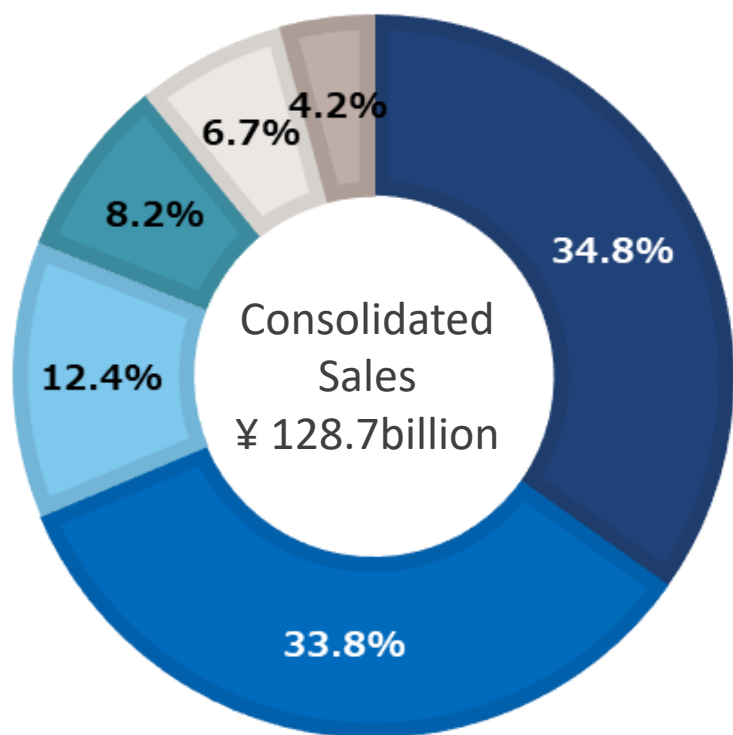
	Sales*1					Operating income				
	FY2023 Q2	FY2024 Q2		Inc / Dec		FY2023 Q2	FY2024 Q2		Inc / Dec	
	Actual	Forecast	Actual	YOY	Vs. forecast	Actual	Forecast	Actual	YOY	Vs. forecast
Chain	46,908	47,000	47,271	+ 0.8%	+ 0.6%	7,916	7,000	7,247	-8.5%	+ 3.5%
Motion Control	11,165	11,000	11,363	+ 1.8%	+ 3.3%	233	300	145	-37.7%	-51.4%
Mobility	40,591	44,000	44,688	+ 10.1%	+ 1.6%	3,205	3,300	3,684	+ 14.9%	+ 11.6%
Materials Handling	30,042	34,000	33,005	+ 9.9%	-2.9%	(1,637)	100	(106)	—	—
Other*2	1,707	2,000	1,702	-0.3%	-14.9%	(433)	(500)	(504)	—	—
Adjust	(1,654)	(2,000)	(1,670)	—	—	(662)	(800)	(1,006)	—	—
All	128,760	136,000	136,360	+ 5.9%	+ 0.3%	8,622	9,400	9,459	+ 9.7%	+ 0.6%

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

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

FY2023 Q2  
Overseas sales ratio : 65.2%

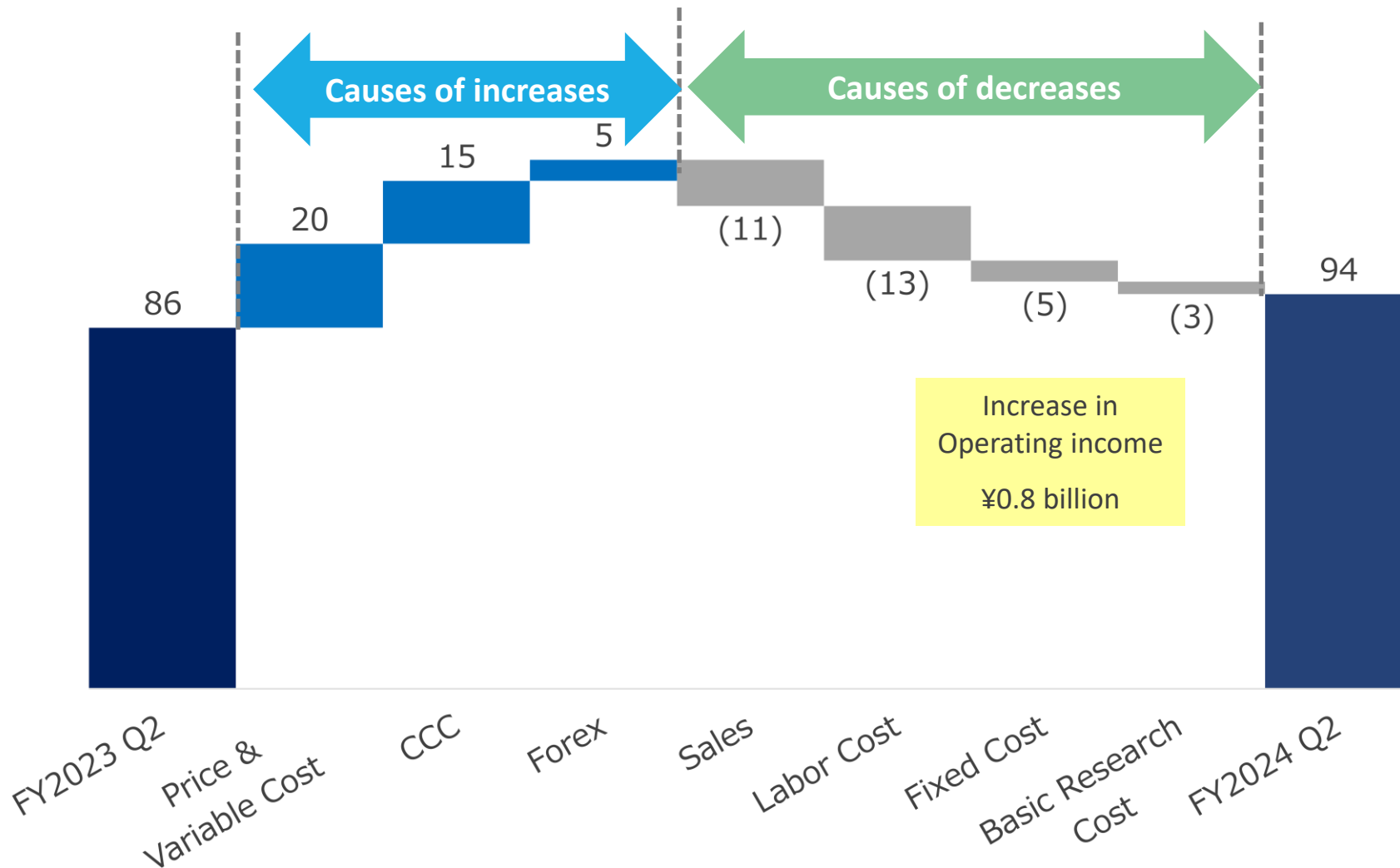
FY2024 Q2  
Overseas sales ratio : 66.5%



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

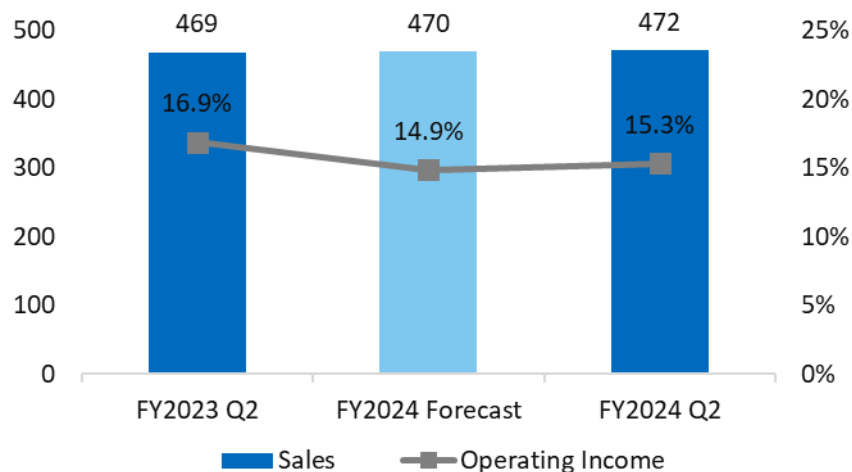
## FY 2023-Q2 vs. FY 2024-Q2

(Unit: ¥100 million)

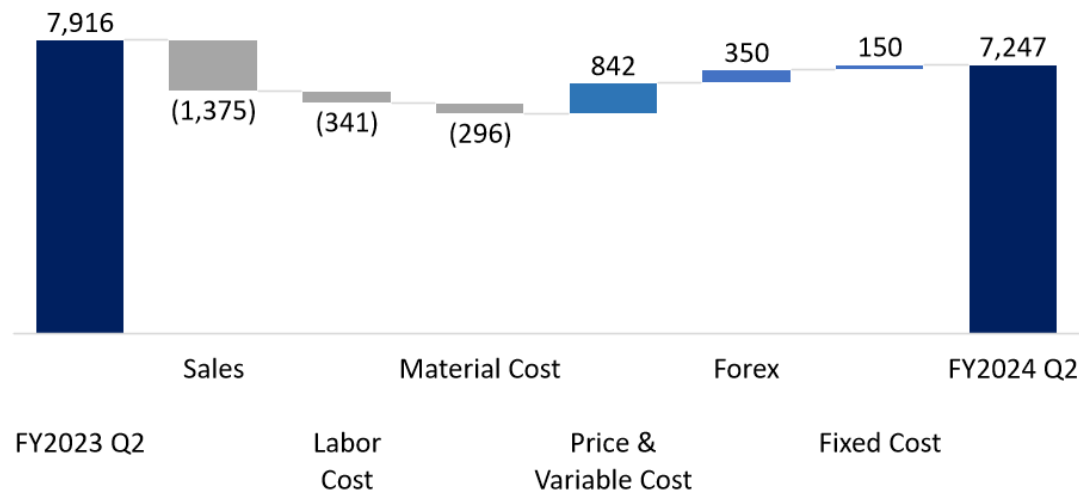


## Net Sales and Operating Income Ratio

(Unit: ¥100 million)



## Causes of change in operating income (Millions of yen)



## »»» YOY

## Sales

↑ **+363 million yen**  
(+0.8%)

Despite a slowdown in North American demand and sluggish demand in Japan, net sales increased due to an increase in the exchange rate difference resulting from the weaker yen.

## Operating income

↓ **-669 million yen**  
(-8.5%)

Decreased due to higher labor and material costs, and a lull in demand in the highly profitable North American market.

## »»» Vs. Forecast

## Sales

↑ **+271 million yen**  
(+0.6%)

Increased due to increase in foreign currency translation resulting from weaker yen.

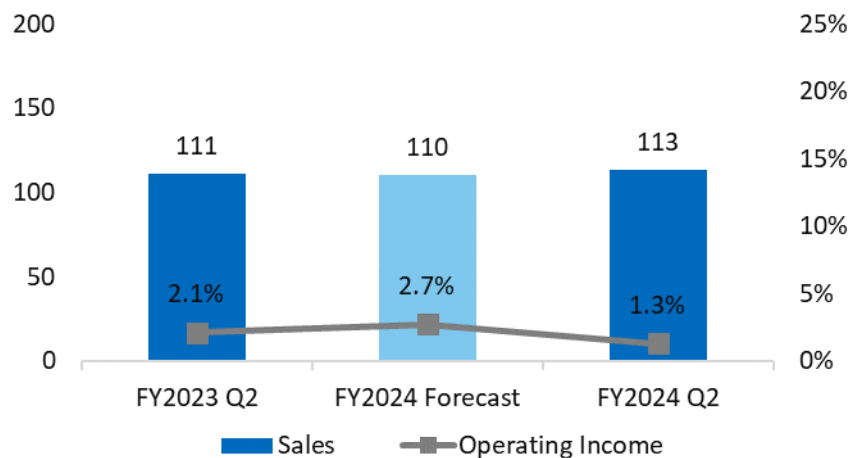
## Operating income

↑ **+247 million yen**  
(+3.5%)

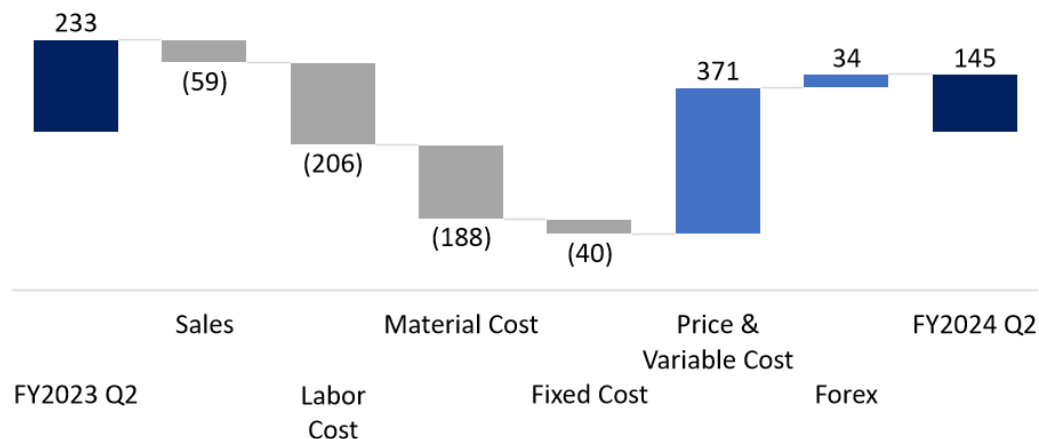
Despite lower profitability due to a lull in demand in North America, profit increased due to cost containment.

## Net Sales and Operating Income Ratio

(Unit: ¥100 million)



## Causes of change in operating income (Millions of yen)



## YOY

## Sales

↑ **+197 million yen**  
(+1.8%)

Sales increased due to ATR (manufacturing and sales of couplings) in North America performing well, Japan also recovering slightly, and the effect of yen depreciation.

## Operating income

↓ **-88 million yen**  
(-37.7%)

Profit decreased due to higher personnel and other costs in Japan and higher procurement costs resulting from the weaker yen.

## Vs. Forecast

## Sales

↑ **+363 million yen**  
(+3.3%)

Sales increased due to strong performance of ATR in North America and the effect of yen depreciation.

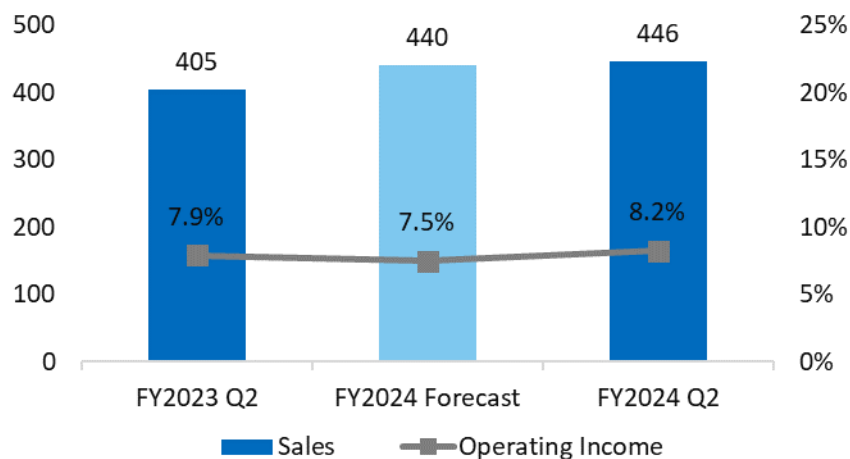
## Operating income

↓ **-154 million yen**  
(-51.4%)

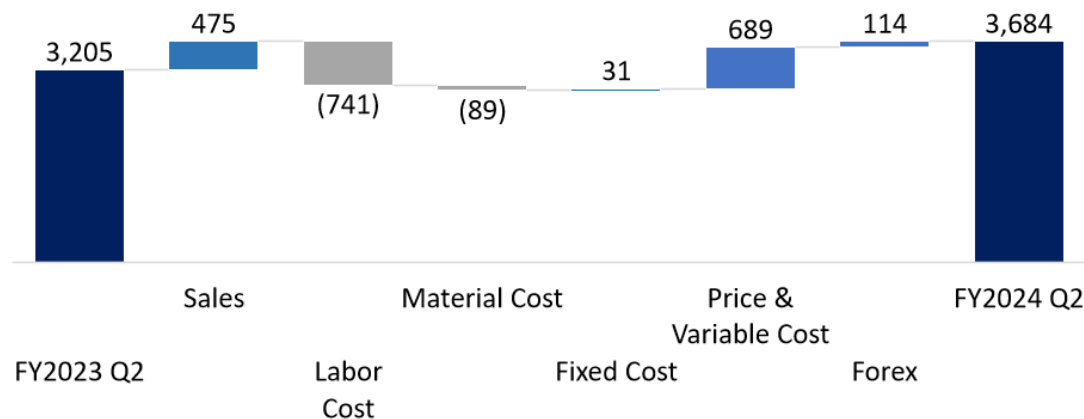
Profit decreased due to higher personnel and other costs in Japan and higher procurement costs resulting from the weaker yen.

## Net Sales and Operating Income Ratio

(Unit: ¥100 million)



## Causes of change in operating income (Millions of yen)



## »»» YOY

Sales  
 ↑ **+4,097 million yen**  
 (+10.1%)

Sales increased due to strong sales in the Americas and Europe, and a slight recovery in China.

Operating Income  
 ↑ **+479 million yen**  
 (+14.9%)

Despite higher labor costs and other cost increases, profit increased due to higher sales.

## »»» Vs. Forecast

Sales  
 ↑ **+688 million yen**  
 (+1.6%)

Sales increased due to strong sales in the Americas and Europe.

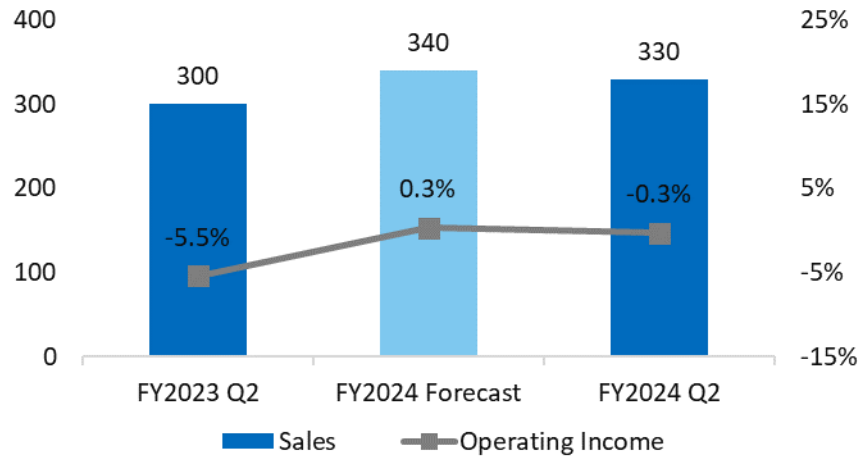
Operating Income  
 ↑ **+384 million yen**  
 (+11.6%)

Operating income increased due to higher sales.

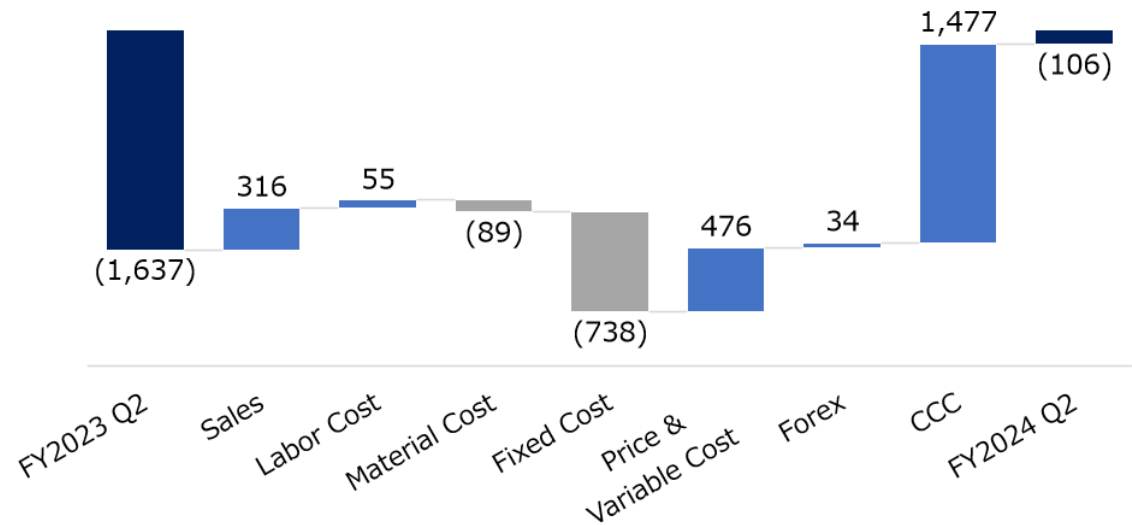


## Net Sales and Operating Income Ratio

(Unit: ¥100 million)



## Causes of change in operating income (Millions of yen)



## YOY

## Sales

↑ +2,962 million yen  
(+9.9%)

Sales increased due to increased sales of systems for automobile manufacturing lines in the U.S. and systems for the logistics industry in Japan.

## Operating Income

↑ +1,531 million yen  
(—)

Although losses were booked due to insufficient sales, mainly in Japan, operating income improved significantly due to construction losses and other factors in the previous year.

## Vs. Forecast

## Sales

↓ -994million yen  
(-2.9%)

Sales decreased due to a lack of projects in Japan that could generate revenue within the current fiscal year.

## Operating Income

↓ -206 million yen  
(—)

Operating income decreased due to lower sales.

↑ We forecast a 2.7% increase in net sales and a 5.9% decrease in operating income compared with the previous year. The company plans a 7.8% increase in net income, which also includes the sale of policy shareholdings.

(Yen, millions)

	FY2023 Actual	1st half (Actual)	FY2024 2nd half (Forecast)	Full year (Forecast)	YOY Inc / Dec
Net sales	266,812	136,360	137,640	<b>274,000</b>	+ 2.7%
Operating income	21,262	9,459	10,541	<b>20,000</b>	-5.9%
%	8.0%	6.9%	7.7%	<b>7.3%</b>	
Ordinary income	23,450	11,225	10,775	<b>22,000</b>	-6.2%
Net income	18,551	10,014	9,986	<b>20,000</b>	+ 7.8%
(Exchange rates 1 USD)	144.59円	152.77円	145.00円	<b>148.89円</b>	
(Exchange rates 1 EUR)	156.75円	166.06円	155.00円	<b>160.53円</b>	
(Exchange rates 1 RMB)	19.82円	21.06円	20.00円	<b>20.74円</b>	

- ↑ Although the forecast was revised downward compared to the original forecast at the beginning of the fiscal year, sales are expected to increase in all businesses.
- ↓ Although profitability is expected to improve in the materials handling business, the improvement will be limited. Operating income in other segments is also expected to decrease from last fiscal year due to an increase in costs and other factors.

(Yen, millions)

	Sales *1					Operating income				
	FY2023	FY2024		Inc / Dec		FY2023	FY2024		Inc / Dec	
	Actual	Current Forecast	Original Forecast	YOY	Vs. Original Forecast	Actual	Current Forecast	Original Forecast	YOY	Vs. Original Forecast
Chain	94,151	<b>97,000</b>	95,000	+ 3.0%	+ 2.1%	16,396	<b>15,000</b>	15,500	- 8.5%	- 3.2%
Motion Control	22,731	<b>23,000</b>	24,000	+ 1.2%	- 4.2%	660	<b>400</b>	1,000	- 39.4%	- 60.0%
Mobility	84,616	<b>88,000</b>	90,000	+ 4.0%	- 2.2%	7,815	<b>7,700</b>	8,200	- 1.5%	- 6.1%
Materials Handling	65,312	<b>66,000</b>	71,000	+ 1.1%	- 7.0%	(1,165)	<b>500</b>	1,200	—	- 58.3%
Other*2	3,404	<b>3,000</b>	4,000	- 11.9%	- 25.0%	(944)	<b>(1,000)</b>	(1,000)	—	—
Adjust	(3,402)	<b>(3,000)</b>	(4,000)	—	—	(1,499)	<b>(2,600)</b>	(1,900)	—	—
All	266,812	<b>274,000</b>	280,000	+ 2.7%	- 2.1%	21,262	<b>20,000</b>	23,000	- 5.9%	- 13.0%

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

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

# FY 2024 Chain Operations Forecast

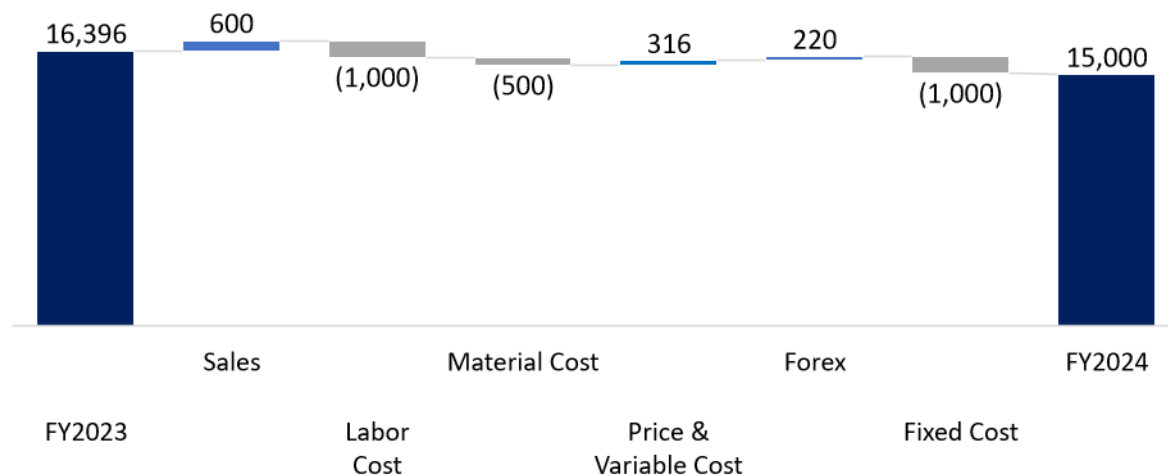
\*1: Sales figures include internal sales and transfers between segments.

(Yen, millions)

Sales *1							Operating Income						
FY2023	FY2024				Inc / Dec		FY2023	FY2024				Inc / Dec	
Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast	Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast
94,151	47,271	49,728	<b>97,000</b>	95,000	+ 3.0%	+ 2.1%	16,396	7,247	7,752	<b>15,000</b>	15,500	- 8.5%	- 3.2%

## Operating Income Factors

( Millions of yen )



### ✓ Sales

Despite a lull in overseas demand, sales are expected to increase in anticipation of a recovery in demand after the presidential election in North America.

### ✓ Operating Income

Despite efforts to improve cost of sales through automation, labor saving, and in-house production, operating income is expected to decrease by 8.5% YOY due to higher labor costs and other factors.

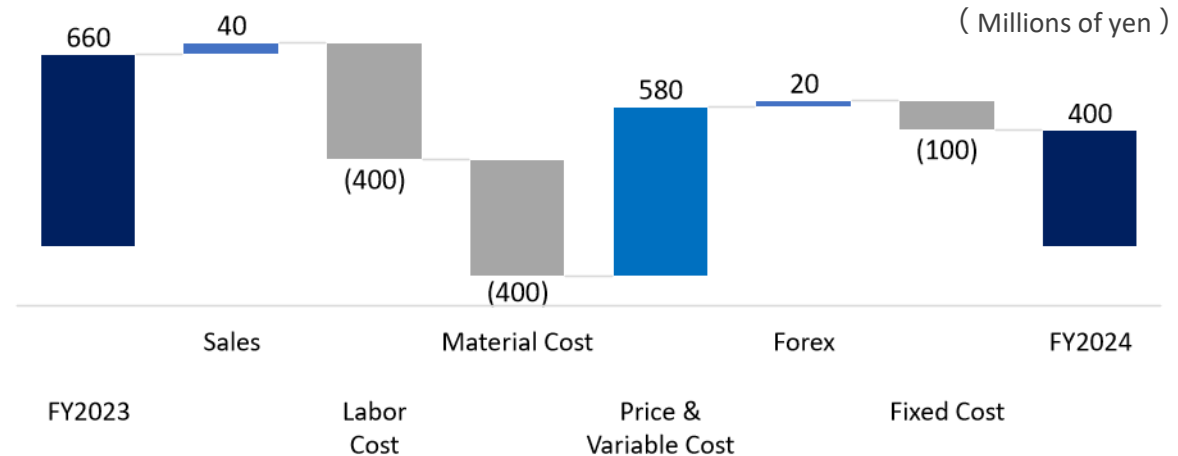
# FY 2024 Motion Control Operations Forecast

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

(Yen, millions)

Sales *1							Operating Income						
FY2023	FY2024				Inc / Dec		FY2023	FY2024				Inc / Dec	
Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast	Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast
22,731	11,363	11,636	<b>23,000</b>	24,000	+ 1.2%	- 4.2%	660	145	254	<b>400</b>	1,000	- 39.4%	- 60.0%

## Operating Income Factors



### ✓ Sales

Full-scale recovery in sales to the semiconductor industry and the machine tool industry was delayed from the initial forecast at the beginning the period. Sales are expected to increase by only 1.2% YOY.

### ✓ Operating Income

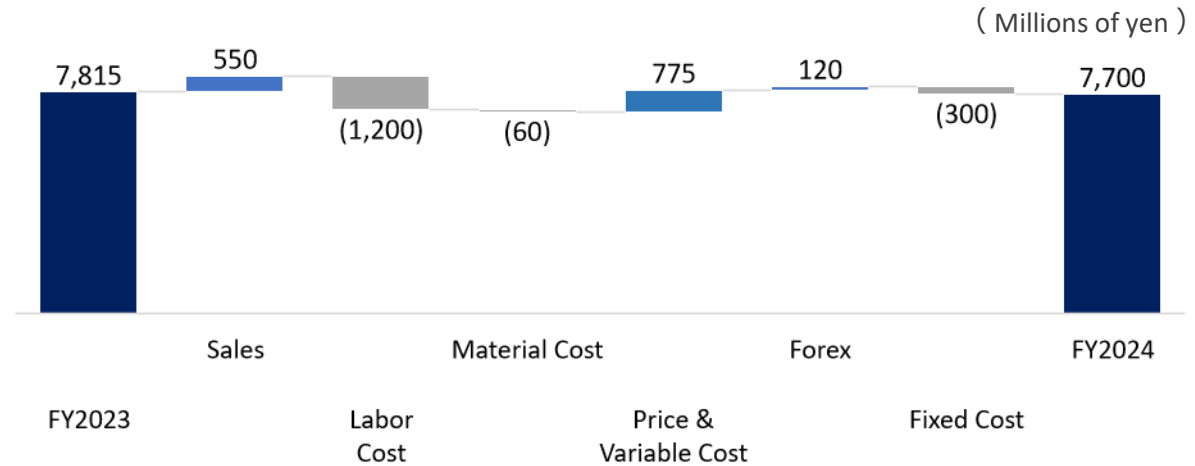
Sales recovery was weaker than expected at the beginning of the period, and the impact of higher purchase prices, including labor costs and motors, could not be offset, resulting in a projected 39.4% YOY decline in profit.

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

(Yen, millions)

Sales *1							Operating Income						
FY2023	FY2024				Inc / Dec		FY2023	FY2024				Inc / Dec	
Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast	Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast
84,616	44,688	43,311	<b>88,000</b>	90,000	+ 4.0%	- 2.2%	7,815	3,684	4,015	<b>7,700</b>	8,200	- 1.5%	- 6.1%

### Operating Income Factors



#### ✓ Sales

Sales are expected to increase by 4.0% YOY due to a pickup in global automobile production. Due to a slower-than-expected recovery in the Chinese market, sales growth is expected to be smaller than the original forecast.

#### ✓ Operating Income

Despite an improvement in profitability due to higher sales and product price hikes, we expect a 1.5% YOY decrease in profit due to higher labor and other costs.

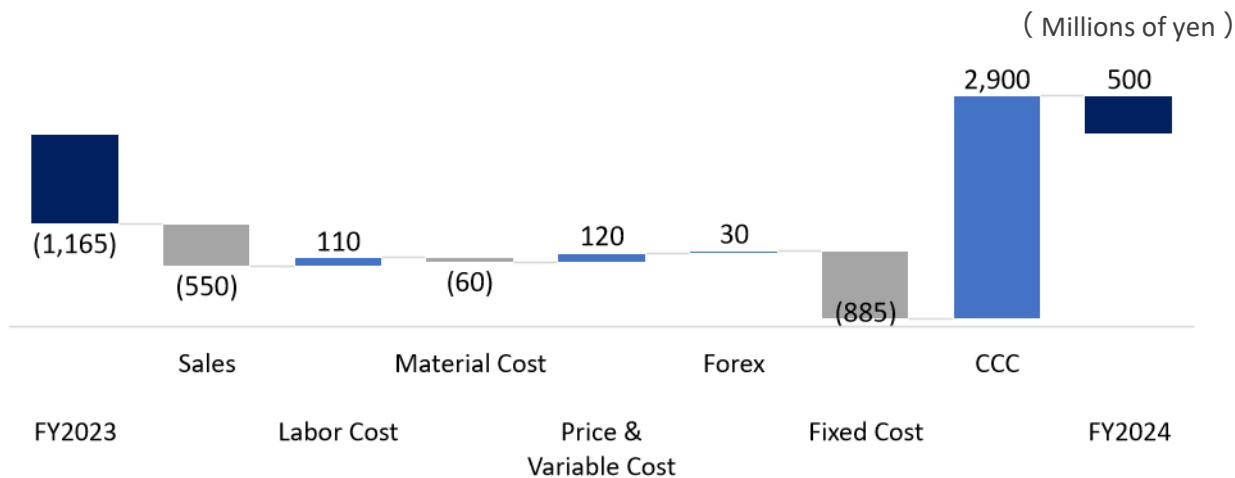
# FY 2024 Materials Handling Operations Forecast

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

(Yen, millions)

Sales *1							Operating Income						
FY2023	FY2024				Inc / Dec		FY2023	FY2024				Inc / Dec	
Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast	Actual	1H Actual	2H Forecast	Current Forecast	Original Forecast	YOY	Vs. Original Forecast
65,312	33,005	32,994	<b>66,000</b>	71,000	+ 1.1%	- 7.0%	(1,165)	(106)	606	<b>500</b>	1,200	—	- 58.3%

## Operating Income Factors



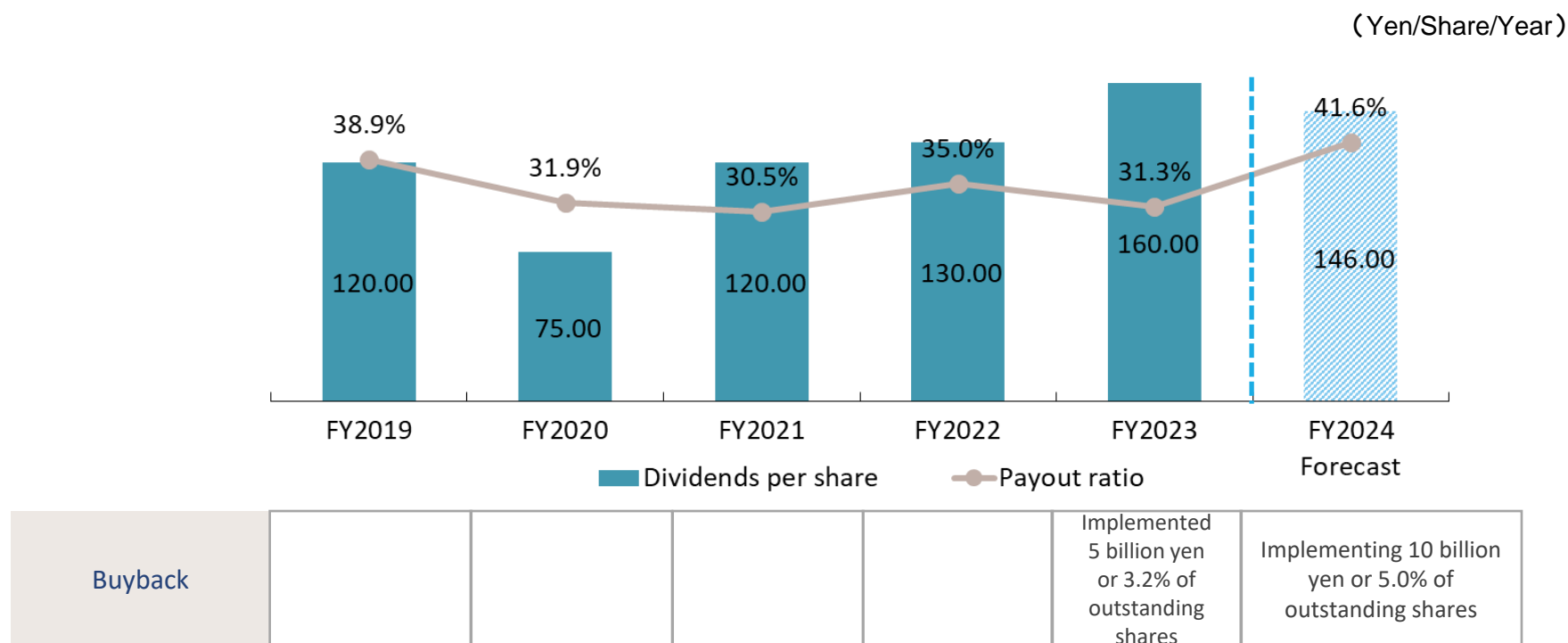
### ✓ Sales

Sales are expected to increase 1.1% YOY due to continued strong sales of bulk systems in Japan, and sales growth in equipment for the logistics industry and automobile conveying equipment. Sales growth is expected to fall short of the original forecast due to fewer revenue-generating projects in Japan this fiscal year.

### ✓ Operating income

Despite higher sales in Japan and an improvement in Central Conveyor Company's (CCC) bottom line, operating profit is expected to be limited to 500 million yen due to the downward revision of the sales forecast.

- ✓ The Company's basic policy is to distribute dividends reflecting consolidated business performance, aiming for a consolidated dividend payout ratio of 35% or more.
- ✓ Implemented flexible buyback of treasury stock and sales of policy stock holdings, etc.

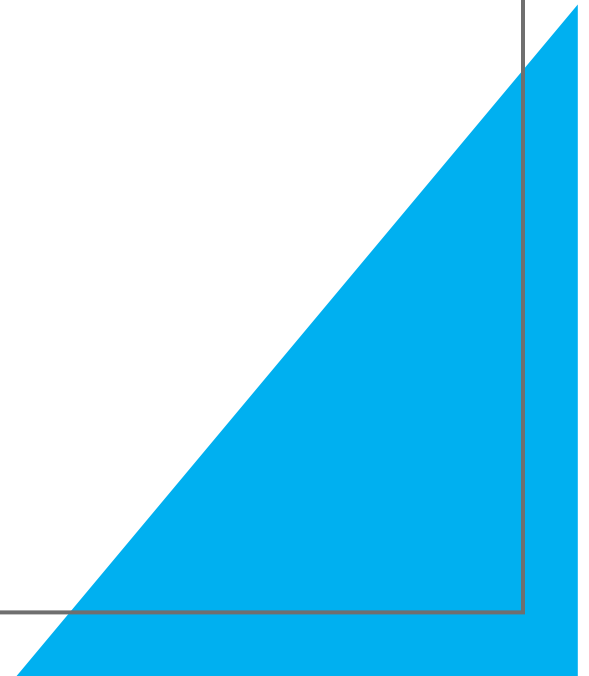


※ Effective October 1, 2024, the Company split its common shares at a ratio of 1 to 3. The year-end dividend per share for the fiscal year ending March 31, 2025 (FY2024 forecast) reflects the effect of this stock split. If the stock split is not taken into account, the year-end dividend per share forecast for the fiscal year ending March 31, 2025 is 141 yen, resulting in a total annual dividend per share of 240 yen.



# Initiatives to Achieve Sustainable Growth

## —Progress of projects underway—



## Progress on short-term targets and projects underway

### ✓ Further reinforcement of No. 1 products

- Ultra-small / world's smallest roller chain (Guinness certified)

### Market launch of “Epsilon Chain™”

Developing new markets beyond general industry

#### Four Features

#### 01 ▶▶ Reliable power transmission

Reliable power transmission in space-constrained mechanisms and layouts

#### 02 ▶▶ Long life

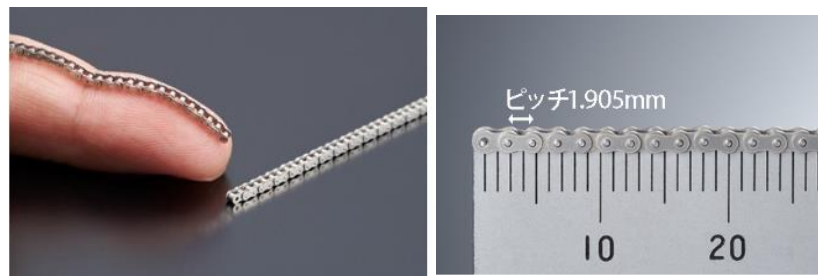
Incorporation of rollers ensures smooth engagement and long life despite the extremely small size

#### 03 ▶▶ High strength

Achieves minimum tensile strength of 0.36 kN

#### 04 ▶▶ Suitable for corrosive environments

Constructed from stainless steel, suitable for use in water-sensitive environments, such as cleaning applications



Guinness Recognition Ceremony

MONOZUKURI Japan Conference/ Sponsored by  
Nikkan Kogyo Shimbun

Received “Machinery and Robot Parts Award”

## Progress on short-term targets and projects underway

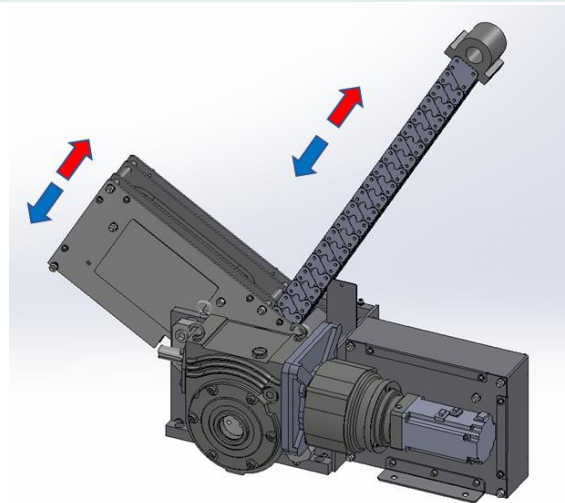
### ✓ Strengthen technical sales and market appeal of Zip products

#### — Special development of oscillating-type ZCA

##### Feature

Custom-made structure designed to avoid interference with equipment during oscillating operation

- ◇ Case oscillates in line with chain extension/retraction
- ◇ Space-saving (compared to oil and pneumatic types)
- ◇ Started evaluation of prototype delivery to container opening/closing mechanism



### ✓ Overseas local knockdown production and horizontal development of after-sales service business

#### — ATR's flex couplings in the U.S. are now available in the Japanese market

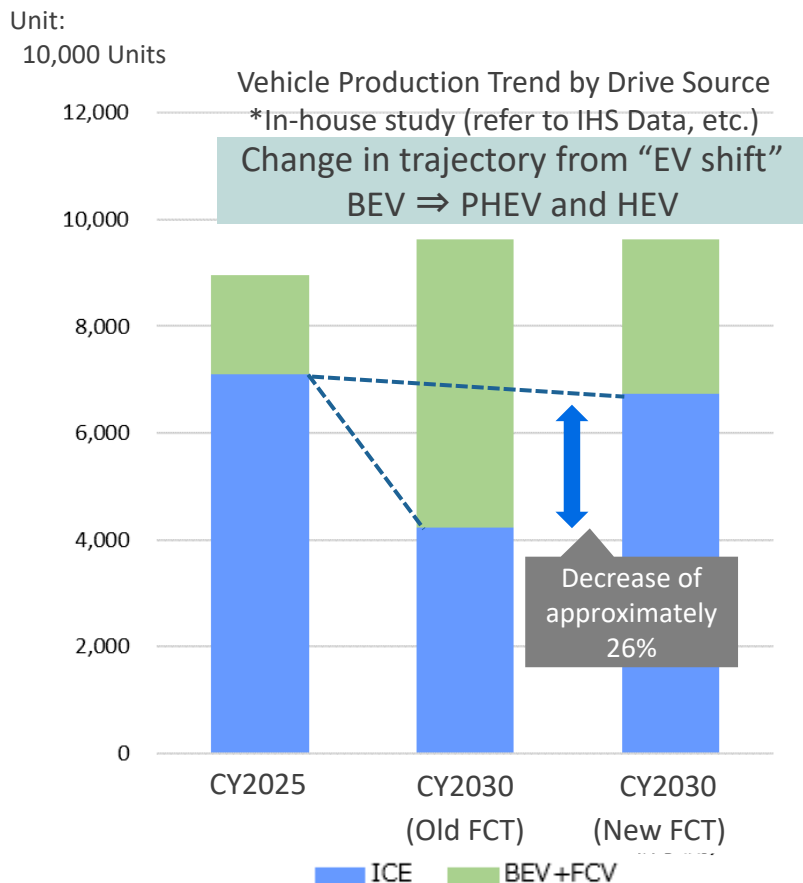
- ◇ Targeting domestic gear couplings by taking advantage of ease of maintenance and replacement



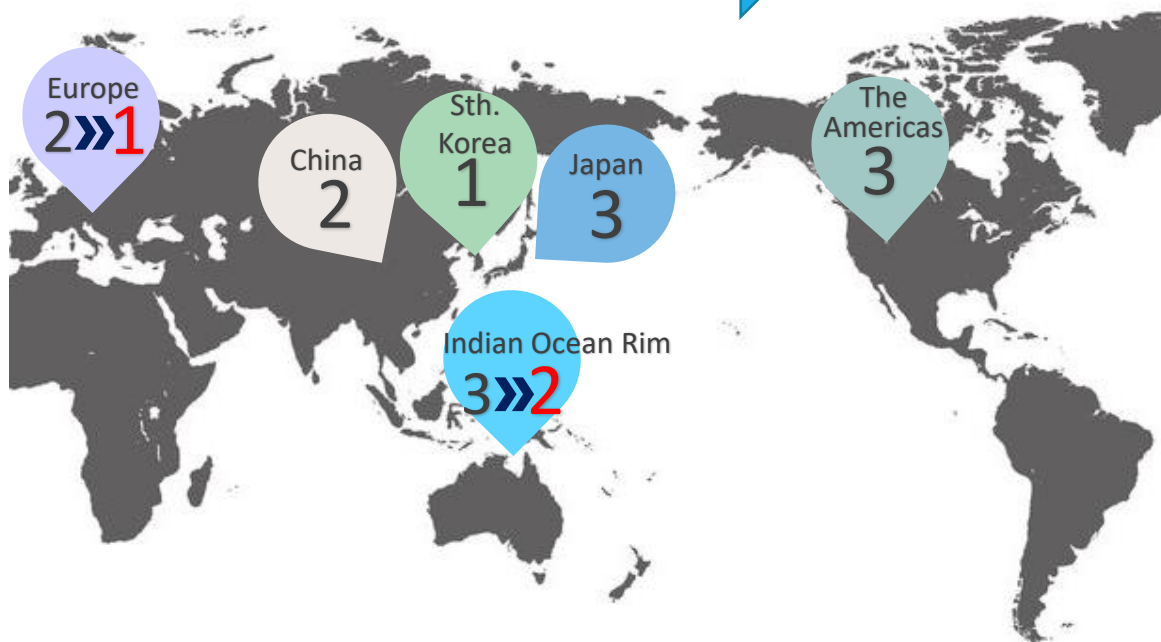
## Progress on short-term targets and projects underway

### ✓ Expand internal combustion engine business and ensure thorough profit

— Reorganize manufacturing and build domestic and overseas production based on a review of demand for ICE



Consolidation: **14 locations** ➔ **12 locations**



- ◎ Increase operational efficiency through consolidation  
⇒ Profit maximization
- ◎ Create new business production space

## Progress on short-term targets and projects underway

### ✓ Launch new products and technologies on the market

- World's fastest and most accurate “AI image recognition technology” put to practical use

#### Launch “**Altem (Item) Appraiser**”

“Automatic product identification” is realized by AI image recognition



### ✓ Promote differentiation strategy

- System Integration Business

#### Launch “**Nexa Warehouse-Optimizer**”

- ① Consolidate and analyze system data from material handling systems (systems and equipment), robots, WMS, and other systems operating in the warehouse.
- ② Reproduce the current status of logistics warehouses digitally. Visualize and analyze data.

Create new logistics





## Direction of our new business development initiatives



### Solving Social Issues

#### Creating a people-friendly society

- **Human Assist Business**  
Extended physical function  
Rehabilitation  
Nursing care
- **Life Science Business**  
Regenerative medicine

#### Creating an Earth-friendly society

- **Energy Infrastructure Business**  
Environmental business  
PCS (Power Control System)

#### Building a safe and secure infrastructure for living

- **Agri Business**
- **New Mobility Business**
  - ↪ Ultra-compact vehicles
  - In-vehicle units
  - Electric bicycles (LA SI QUE)
  - Industrial Drone
- **Maintenance Business**  
(after-sales service)
  - ↪ Remote maintenance

Progress of projects underway

✓ Expand Agri Business

- Establishment of Tsubaki VegyMove Co. and acquisition of KIDAYA SHOTEN Co.'s agri-business

**KIDAYA SHOTEN Agri-Business**

Industry-leading cultivation know-how and sales performance



**Tsubaki Agri-Business**

Automated system technology & development capabilities



**Expand Agri-business**  
Contribute to the realization of sustainable agriculture

**Sales plan**

FY2027	→	2.5 billion yen
FY2030	→	5.0 billion yen

— Agribusiness Business Overview

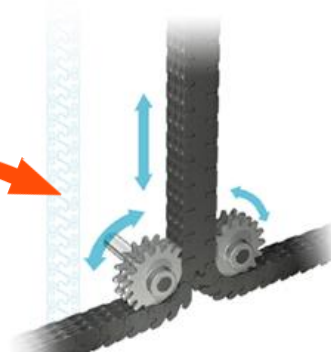
- 1 Development, manufacturing and sales of automated systems for plant factories
- 2 Plant Factory Business and Sales of Agricultural Products (in-house and affiliated plant factories)
- 3 Consulting business for plant factory operators



Fukui Mihama Plant  
(Construction to be completed in July 2025)

## Progress of projects underway

- ✓ Commenced sales of “Chainwaiter,” a step eliminator exclusive for wheelchairs



“Zip chain” is mounted on the Chainwaiter drive unit.

## — Features of Chainwaiter

Self-supporting chain drive.  
The independent earthquake-resistant structural frame eliminates the need for additional building reinforcement, unlike typical wire rope-based elevators.

 <p>300kg OK</p>	 <p>一人でも OK</p>	 <p>ロングライフ</p>	 <p>停電時も安心※ ※非常用バッテリー内蔵</p>
積載荷重300kg 大型車いす対応	自分で操作 安心の乗降サポート	壊れにくい ロングライフ設計	停電時も動作 信頼の安全システム



## Expo 2025 Osaka, Kansai, Japan

Sponsorship and participation in the “Osaka Healthcare Pavilion”

Tsubaki's Exhibit  
Concept

**MOTION CREATES EMOTION.**

「動かす」技術で、カラダもココロも「動かす」

Booth Theme

## Robotic Wear T's Exoskeleton

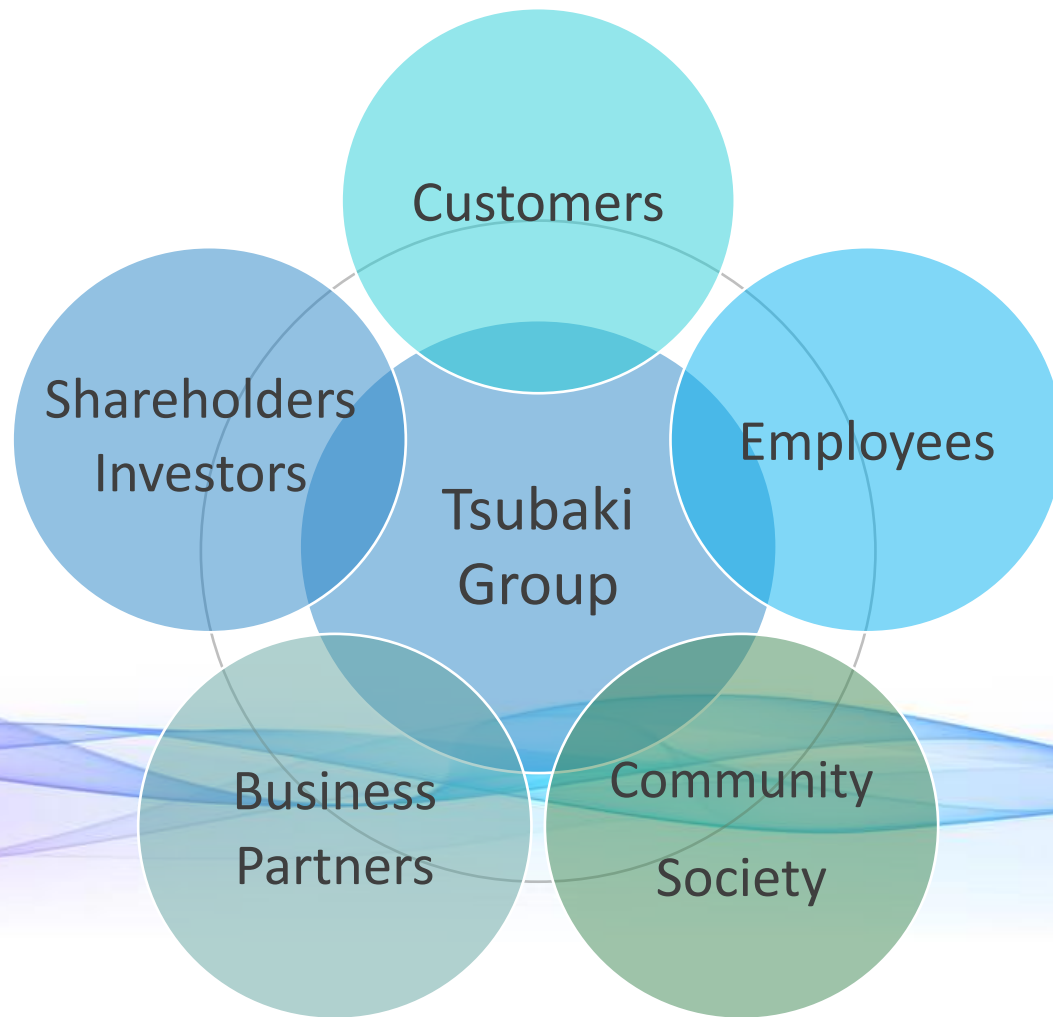
Semi-customized service of “robotic wear” (wearable robots)



In 2050,  
robots will develop into “robotic wear = wearable  
robots.”  
Robots will be able to assist and augment physical  
abilities.



- ① “Fly” in the sky
  - ② “Lift” heavy objects
- Provide opportunities to experience  
expansion of physical capabilities



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.