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May 9, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

Company name: TSUBAKIMOTO KOGYO CO., LTD.
Listing: Tokyo Stock Exchange
Securities code: 8052
URL: https://www.tsubaki.co.jp
Representative: Masashi Koda, President & COO
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Scheduled date of annual general meeting of shareholders: June 29, 2023
Scheduled date to commence dividend payments: June 30, 2023
Scheduled date to file annual securities report: June 29, 2023
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	107,963	11.4	5,102	16.1	5,434	14.1	3,667	15.4
March 31, 2022	96,890	8.1	4,396	33.9	4,762	25.5	3,177	16.1

Note: Comprehensive income For the fiscal year ended March 31, 2023: ¥4,214 million [33.1 %]
For the fiscal year ended March 31, 2022: ¥3,167 million [(29.1) %]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	585.55	—	11.4	6.7	4.7
March 31, 2022	507.58	—	10.8	6.7	4.5

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended March 31, 2023: ¥4 million
For the fiscal year ended March 31, 2022: (¥13) million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	84,474	34,039	40.0	5,396.74
March 31, 2022	76,773	30,762	39.8	4,884.10

Reference: Equity
As of March 31, 2023: ¥33,806 million
As of March 31, 2022: ¥30,577 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	6,716	(461)	(971)	22,927
March 31, 2022	6,570	(152)	(808)	17,604

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	—	30.00	—	120.00	150.00	948	29.6	3.2
Fiscal year ended March 31, 2023	—	30.00	—	120.00	150.00	948	25.6	2.9
Fiscal year ending March 31, 2024 (Forecast)	—	30.00	—	110.00	140.00		28.7	

Notes:
1. The year-end dividend for the fiscal year ended March 31, 2022 includes a commemorative dividend of 20 yen.
2. The total amount of dividends for the fiscal year ended March 31, 2022 includes dividends of 9 million yen to the Company's shares held by the board benefit trust for executive officers.
3. The year-end dividend for the fiscal year ended March 31, 2023 includes a special dividend of 10 yen.
4. The total amount of dividends for the fiscal year ended March 31, 2023 includes dividends of 8 million yen to the Company's shares held by the board benefit trust for executive officers.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(Percentages indicate changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	50,000	(3.4)	2,180	(3.8)	2,360	(3.8)	1,570	(4.8)	250.68
Full year	100,000	(3.7)	4,250	(16.7)	4,600	(15.4)	3,050	(16.8)	486.98

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: None
Excluded: None

(2) Changes in accounting policies, changes in accounting estimates, and restatements

(i) Changes in accounting policies due to revisions of accounting standards and other regulations: None

(ii) Changes in accounting policies other than those in (i) above: None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	6,497,969 shares
As of March 31, 2022	6,497,969 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2023	233,797 shares
As of March 31, 2022	237,387 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	6,263,084 shares
Fiscal year ended March 31, 2022	6,260,507 shares

Note: The Company has introduced the Board Benefit Trust for executive officers, and the Company's shares held by the said trust are included in the treasury shares to be deducted in calculating the number of treasury shares at the end of the period and the average number of shares outstanding during the period.

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	101,628	11.0	3,309	4.8	4,530	7.2	3,373	9.4
March 31, 2022	91,538	9.3	3,157	39.6	4,225	20.5	3,082	9.7

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2023	538.56	—
March 31, 2022	492.39	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	82,019	30,722	37.5	4,904.42
March 31, 2022	74,386	27,916	37.5	4,459.13

Reference: Equity

As of March 31, 2023: ¥30,722 million
As of March 31, 2022: ¥27,916 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(Percentages indicate changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	47,000	(3.3)	1,350	(8.0)	2,600	4.1	2,110	7.7	336.89
Full year	94,000	(7.5)	2,600	(21.4)	4,050	(10.6)	3,100	(8.1)	494.96

* These consolidated financial results are not subject to audits by certified public accountants or audit corporations.

* Proper use of earnings forecasts, and other special matters

Forecasts stated herein are based on the currently available information and the Company's assumptions that were judged to be valid as of the announcement date hereof, and are not intended to be a promise by the Company to achieve these forecasts. Therefore, actual results may differ for various factors.

Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	17,604	22,927
Notes and accounts receivable - trade, and contract assets	28,608	27,966
Electronically recorded monetary claims - operating	12,736	12,980
Merchandise and finished goods	2,667	2,952
Work in process	608	1,191
Other	2,281	3,205
Allowance for doubtful accounts	(189)	(173)
Total current assets	64,317	71,049
Non-current assets		
Property, plant and equipment		
Buildings	1,163	1,228
Accumulated depreciation	(384)	(429)
Buildings, net	779	799
Machinery, equipment and vehicles	555	575
Accumulated depreciation	(417)	(376)
Machinery, equipment and vehicles, net	138	198
Tools, furniture and fixtures	460	476
Accumulated depreciation	(372)	(393)
Tools, furniture and fixtures, net	87	82
Land	842	945
Leased assets	87	81
Accumulated depreciation	(35)	(52)
Leased assets, net	52	28
Construction in progress	13	—
Total property, plant and equipment	1,913	2,055
Intangible assets	106	357
Investments and other assets		
Investment securities	9,269	9,825
Deferred tax assets	49	53
Retirement benefit asset	17	15
Other	1,305	1,321
Allowance for doubtful accounts	(204)	(203)
Total investments and other assets	10,436	11,011
Total non-current assets	12,456	13,424
Total assets	76,773	84,474

(Millions of Yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,813	18,592
Electronically recorded obligations - operating	15,935	22,987
Income taxes payable	1,114	960
Advances received	4,897	4,217
Provision for bonuses for directors (and other officers)	9	11
Other	664	960
Total current liabilities	43,435	47,730
Non-current liabilities		
Provision for share awards for directors (and other officers)	86	126
Retirement benefit liability	1,836	1,804
Long-term accounts payable - other	211	211
Deferred tax liabilities	191	330
Other	248	231
Total non-current liabilities	2,575	2,704
Total liabilities	46,010	50,434
Net assets		
Shareholders' equity		
Share capital	2,945	2,945
Capital surplus	1,867	1,867
Retained earnings	23,465	26,184
Treasury shares	(553)	(542)
Total shareholders' equity	27,726	30,455
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,872	3,231
Deferred gains or losses on hedges	(25)	(0)
Foreign currency translation adjustment	74	142
Remeasurements of defined benefit plans	(69)	(22)
Total accumulated other comprehensive income	2,851	3,350
Non-controlling interests	185	233
Total net assets	30,762	34,039
Total liabilities and net assets	76,773	84,474

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Millions of Yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Net sales	96,890	107,963
Cost of sales	81,943	91,610
Gross profit	14,946	16,352
Selling, general and administrative expenses	10,550	11,250
Operating profit	4,396	5,102
Non-operating income		
Interest income	4	8
Dividend income	255	328
Share of profit of entities accounted for using equity method	—	4
Subsidy income	99	—
Other	47	43
Total non-operating income	407	384
Non-operating expenses		
Interest expenses	6	6
Share of loss of entities accounted for using equity method	13	—
Derivative expenses	—	11
Commission expenses	9	9
Guarantee commission	6	11
Other	5	13
Total non-operating expenses	41	52
Ordinary profit	4,762	5,434
Extraordinary losses		
Loss on compensations	14	—
Total extraordinary losses	14	—
Profit before income taxes	4,748	5,434
Income taxes - current	1,607	1,781
Income taxes - deferred	(45)	(42)
Total income taxes	1,562	1,738
Profit	3,186	3,696
Profit (loss) attributable to non-controlling interests	8	28
Profit attributable to owners of parent	3,177	3,667

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Profit	3,186	3,696
Other comprehensive income		
Valuation difference on available-for-sale securities	(87)	359
Deferred gains or losses on hedges	(13)	25
Foreign currency translation adjustment	39	61
Remeasurements of defined benefit plans, net of tax	21	47
Share of other comprehensive income of entities accounted for using equity method	21	25
Total other comprehensive income	(18)	518
Comprehensive income	3,167	4,214
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,158	4,166
Comprehensive income attributable to non-controlling interests	8	48

(3) Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (from April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,945	1,867	21,047	(553)	25,306
Changes during period					
Dividends of surplus			(758)		(758)
Profit attributable to owners of parent			3,177		3,177
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares				2	2
Net changes in items other than shareholders' equity					
Total changes during period	—	—	2,418	0	2,419
Balance at end of period	2,945	1,867	23,465	(553)	27,726

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,960	(12)	13	(91)	2,869	200	28,377
Changes during period							
Dividends of surplus							(758)
Profit attributable to owners of parent							3,177
Purchase of treasury shares							(1)
Disposal of treasury shares							2
Net changes in items other than shareholders' equity	(87)	(13)	61	21	(18)	(15)	(33)
Total changes during period	(87)	(13)	61	21	(18)	(15)	2,385
Balance at end of period	2,872	(25)	74	(69)	2,851	185	30,762

Current consolidated fiscal year (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,945	1,867	23,465	(553)	27,726
Changes during period					
Dividends of surplus			(948)		(948)
Profit attributable to owners of parent			3,667		3,667
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				11	11
Net changes in items other than shareholders' equity					
Total changes during period	—	—	2,718	10	2,729
Balance at end of period	2,945	1,867	26,184	(542)	30,455

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,872	(25)	74	(69)	2,851	185	30,762
Changes during period							
Dividends of surplus							(948)
Profit attributable to owners of parent							3,667
Purchase of treasury shares							(0)
Disposal of treasury shares							11
Net changes in items other than shareholders' equity	359	25	67	47	499	48	547
Total changes during period	359	25	67	47	499	48	3,277
Balance at end of period	3,231	(0)	142	(22)	3,350	233	34,039

(4) Consolidated Statement of Cash Flows

(Millions of Yen)

	Year ended March 31, 2022	Year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	4,748	5,434
Depreciation	174	170
Increase (decrease) in provisions	77	32
Interest and dividend income	(260)	(336)
Interest expenses	6	6
Share of loss (profit) of entities accounted for using equity method	13	(4)
Decrease (increase) in trade receivables	(5,021)	420
Decrease (increase) in inventories	(361)	(883)
Increase (decrease) in trade payables	6,446	4,807
Decrease (increase) in advance payments to suppliers	(1,376)	(41)
Increase (decrease) in advances received	2,484	(703)
Increase (decrease) in accrued consumption taxes	(165)	(799)
Increase (decrease) in retirement benefit liability	6	(32)
Decrease (increase) in other assets	53	30
Increase (decrease) in other liabilities	(28)	138
Other, net	67	69
Subtotal	6,865	8,311
Interest and dividends received	260	336
Interest paid	(2)	(2)
Income taxes paid	(560)	(1,932)
Dividends received from entities accounted for using equity method	7	5
Net cash provided by (used in) operating activities	6,570	6,716
Cash flows from investing activities		
Purchase of non-current assets	(106)	(365)
Net decrease (increase) in short-term loans receivable	(22)	(16)
Long-term loan advances	(1)	(1)
Proceeds from collection of long-term loans receivable	1	2
Other, net	(25)	(80)
Net cash provided by (used in) investing activities	(152)	(461)
Cash flows from financing activities		
Purchase of treasury shares	(1)	(0)
Proceeds from disposal of treasury shares	1	4
Repayments of lease obligations	(25)	(26)
Dividends paid	(758)	(948)
Dividends paid to non-controlling interests	(23)	—
Net cash provided by (used in) financing activities	(808)	(971)
Effect of exchange rate change on cash and cash equivalents	59	40
Net increase (decrease) in cash and cash equivalents	5,668	5,323
Cash and cash equivalents at beginning of period	11,935	17,604
Cash and cash equivalents at end of period	17,604	22,927

(Segment Information)

a. Segment information

1 Summary of reportable segments

The reportable segments of the Group are the constituent units of the Group for which separate financial information is available and which are subject to periodic review by the Board of Directors to determine the allocation of management resources and evaluate performance.

The Company mainly sells automation, labor-saving and environmentally friendly products such as machine parts and transport equipment. The Group, including affiliated companies, is divided into three areas (districts) in Japan and overseas, and a comprehensive strategy for each region is formulated with respect to products handled. As for overseas, the Group has positioned as a strategic development business, and a comprehensive strategy for fields such as materials business and new product development is formulated and business activities conducted.

Accordingly, the Group consists of domestic and regional segment based on the sales structure and development strategy business segment and has four reportable segments: "Eastern Japan Headquarters," "Western Japan Headquarters," "Central Japan Headquarters," and "Strategic Business Development Center."

2 Method of calculating sales, profit or loss, assets and other items by reportable segment

The accounting methods applied for reportable business segments are generally the same as those described in "Basis of Preparing the Consolidated Financial Statements."

Reportable segment profit is based on operating profit. Inter-segment sales and transfers are based on prevailing market prices.

3 Information on sales, profit or loss, assets and other items by reportable segment

Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)

	Reportable segment				Total (Millions of yen)
	Eastern Japan Headquarters (Millions of yen)	Western Japan Headquarters (Millions of yen)	Central Japan Headquarters (Millions of yen)	Strategic Business Development Center (Millions of yen)	
Net sales					
Goods or services transferred at a point in time	27,110	23,182	11,784	15,835	77,911
Goods or services transferred over time	7,762	9,961	716	537	18,978
Revenue from contracts with customers	34,872	33,143	12,500	16,373	96,890
Sales to external customers	34,872	33,143	12,500	16,373	96,890
Inter-segment sales or transfers	296	631	441	590	1,959
Total	35,169	33,775	12,941	16,963	98,849
Segment profit	1,954	2,351	515	674	5,496
Segment assets	19,035	17,274	6,049	7,972	50,331
Other items					
Depreciation expense	2	4	5	68	81
Increase in tangible and intangible fixed assets	4	0	1	57	64

Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)

	Reportable segment				Total (Millions of yen)
	Eastern Japan Headquarters (Millions of yen)	Western Japan Headquarters (Millions of yen)	Central Japan Headquarters (Millions of yen)	Strategic Business Development Center (Millions of yen)	
Net sales					
Goods or services transferred at a point in time	31,262	24,475	12,648	17,958	86,345
Goods or services transferred over time	5,018	15,494	621	484	21,618
Revenue from contracts with customers	36,280	39,969	13,270	18,442	107,963
Sales to external customers	36,280	39,969	13,270	18,442	107,963
Inter-segment sales or transfers	156	1,103	496	1,048	2,803
Total	36,436	41,073	13,766	19,490	110,766
Segment profit	1,705	3,189	631	875	6,401
Segment assets	19,610	16,687	6,157	9,014	51,469
Other items					
Depreciation expense	2	4	4	61	73
Increase in tangible and intangible fixed assets	0	—	5	105	111

(Note) Major products in each segment are as follows.

Segment	Major product name
Eastern Japan Headquarters Western Japan Headquarters Central Japan Headquarters	Various drive parts such as reducer/accelerator, various transport parts such as conveyor chains, control equipment, various sensors, electronic equipment, and other transmission equipment Clean energy-related equipment, pharmaceutical-related equipment, chemical machinery equipment, water treatment equipment, food machinery, other environmental equipment, machine tools, industrial robots, various conveyors, various automation equipment, three-dimensional warehouses and automatic sorting equipment, and FA systems including various transportation equipment
Strategic Business Development Center	Above products for overseas markets Various non-woven fabrics and processed products thereof, various synthetic resin molding machines and molded products, and functional materials Sensor, Industrial camera and lens, Image processing system

4 Differences between the total amount of reportable segments and the amount recorded in the consolidated financial statements, and major breakdown of such differences (matters related to adjustment of differences)

Net sales	Previous consolidated fiscal year (Millions of yen)	Current consolidated fiscal year (Millions of yen)
Total reportable segments	98,849	110,766
Elimination of inter-segment transactions	(1,959)	(2,803)
Net sales in consolidated financial statements	96,890	107,963

Profit	Previous consolidated fiscal year (Millions of yen)	Current consolidated fiscal year (Millions of yen)
Total reportable segments	5,496	6,401
Elimination of inter-segment transactions	0	1
Corporate expenses (Note)	(1,100)	(1,300)
Operating profit in consolidated financial statements	4,396	5,102

(Note) Corporate expenses are mainly general and administrative expenses not attributable to reportable segments.

Assets	Previous consolidated fiscal year (Millions of yen)	Current consolidated fiscal year (Millions of yen)
Total reportable segments	50,331	51,469
Elimination of inter-segment transactions	(924)	(1,572)
Corporate assets (Note)	27,366	34,576
Total assets in consolidated financial statements	76,773	84,474

(Note) Corporate assets are mainly investment securities, office equipment, etc. not attributable to reportable segments.

(Unit: Millions of yen)

Other items	Total reportable segments		Adjustment (Note)		Amount recorded in consolidated financial statements	
	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year
Depreciation expense	81	73	92	97	174	170
Increase in tangible and intangible fixed assets	64	111	77	466	141	577

(Note) Adjustments for increases in tangible and intangible fixed assets are mainly capital investments in software, etc. related to corporate assets.

b. Related Information

Previous consolidated fiscal year (From April 1, 2021 to March 31, 2022)

1 Information by product and service

(Unit: Millions of yen)

	Power Transmission Business	Facility & Equipment Business	Industrial Materials Business	Total
Sales to external customers	45,463	40,576	10,850	96,890

2 Information by region

(1) Sales

(Unit: Millions of yen)

Japan	Asia		Others	Total
		China		
85,670	10,458	7,154	761	96,890

(Note) Sales are classified by country or region based on the location of the customer.

(2) Tangible fixed assets

As the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets in the consolidated balance sheet, descriptions are omitted.

3 Information by major customer

Not applicable, as there are no sales to external customers that account for 10% or more of sales in the consolidated statement of income.

Current consolidated fiscal year (From April 1, 2022 to March 31, 2023)

1 Information by product and service

(Unit: Millions of yen)

	Power Transmission Business	Facility & Equipment Business	Industrial Materials Business	Total
Sales to external customers	51,319	44,690	11,953	107,963

2 Information by region

(1) Sales

(Unit: Millions of yen)

Japan	Asia		Others	Total
		China		
92,052	14,618	10,682	1,292	107,963

(Note) Sales are classified by country or region based on the location of the customer.

(2) Tangible fixed assets

As the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets in the consolidated balance sheet, descriptions are omitted.

3 Information by major customer

Not applicable, as there are no sales to external customers that account for 10% or more of sales in the consolidated statement of income.

c. Information concerning impairment losses on non-current assets by reportable segment

Not applicable.

d. Information concerning amortization of goodwill and unamortized balance by reportable segment

Not applicable.

e. Information concerning gain on negative goodwill by reportable segment

Not applicable.