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Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]

February 7, 2025

Company name:	TSUBAKIMOTO CHAIN CO.
Listing:	Tokyo
Securities code:	6371
URL:	https://www.tsubakimoto.jp/
Representative:	Takatoshi Kimura, President and Representative Director
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Scheduled date to commence dividend payments:	-
Preparation of supplementary material on financial results:	Yes
Holding of financial results briefing:	None

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (April 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	206,610	5.0	15,863	10.5	18,374	13.9	14,952	25.0
December 31, 2023	196,806	7.6	14,349	4.0	16,132	3.2	11,964	9.5

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥ 15,478 million [(42.5)%]
Nine months ended December 31, 2023: ¥ 26,899 million [31.9%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	143.06	-
December 31, 2023	109.58	-

(Note) As of October 1, 2024, the Company is implementing a stock split at a ratio of three (3) post-split shares for every one (1) pre-split common share. Net income per share is calculated assuming that such stock split was conducted at the beginning of the previous consolidated accounting year.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
December 31, 2024	375,649	259,093	68.4
March 31, 2024	391,298	260,559	66.0

(Reference) Equity: As of December 31, 2024: ¥ 256,867 million
As of March 31, 2024: ¥ 258,400 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	60.00	-	100.00	160.00
Fiscal year ending March 31, 2025	-	99.00	-		
Fiscal year ending March 31, 2025 (Forecast)				47.00	—

(Note) Revision to the forecast for dividends announced most recently: None

(Note) Year-end dividend per share for the fiscal year ending March 31, 2025 (forecast)

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 (forecast) reflects the effect of this stock split, and the total annual dividend per share is "-". 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, the annual dividend per share is 240 yen. For details, please refer to "Proper use of earnings forecasts, and other special matters."

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	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
Full year	278,000	4.2	22,200	4.4	24,000	2.3	21,000	13.2	201.86

(Note) Revision to the financial results forecast announced most recently: Yes

(Note) Net income per share in the full-year financial results forecast for the fiscal year ending March 31, 2025 takes into account the effect of the stock split. For details, please refer to "Proper use of earnings forecasts, and other special matters."

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

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

December 31, 2024:	111,244,179	shares
March 31, 2024:	111,244,179	shares

2) Number of treasury shares at the end of the period:

December 31, 2024:	8,679,411	shares
March 31, 2024:	3,685,347	shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2024:	104,520,990	shares
Nine months ended December 31, 2023:	109,180,062	shares

(Note) As of October 1, 2024, the Company is implementing a stock split at a ratio of three (3) post-split shares for every one (1) pre-split common share. Total number of issued shares at the end of the period, Number of treasury shares at the end of the period, and Average number of shares outstanding during the period are calculated assuming that such stock split was conducted at the beginning of the previous consolidated accounting year.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

The outlook for consolidated financial results is based on information available at the present juncture and certain assumptions believed to be reasonable. However, it includes risks and uncertainties. Actual business results may differ materially from the figures of the outlook for consolidated operating results due to changes in business conditions, market trends, or fluctuation in currency exchange rates. Furthermore, factors that may affect business results are not limited to those factors.

(Dividends and financial results forecast after stock split)

At a meeting of the Board of Directors held on May 14, 2024, we resolved to conduct a stock split, whereby each share of common stock shall be divided into 3 shares effective October 1, 2024. As a result, the dividend forecast and consolidated financial results forecast for the fiscal year ending March 31, 2025, as converted before the stock split, shall be as follows.

1. Dividend forecast for the fiscal year ending March 31, 2025
   Dividends per share at the end of the second quarter 99 yen (Note 1); Year-end 141 yen (Note 2)
   Annual dividend per share for the fiscal year ending March 31, 2025 (before stock split) shall be 240 yen.
2. Consolidated net income forecast per share for the fiscal year ending March 31, 2025: 605.58 yen at the end of the fiscal year.

(Note 1) Dividends at the end of the second quarter shall be paid based on the number of shares before the stock split.
(Note 2) The dividend amount is calculated before the stock split.

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1. Summary of Business Results, Etc.

(1) Summary of Business Results of the Quarterly Consolidated Period

Regarding the global economy in the nine-month period ended December 31, 2024, while conditions remained tough due to various factors such as sluggish internal demand in the Chinese economy caused by prolonged adjustments in the real estate market, the US economy remained strong with robust personal consumption, and even Europe's economy remained on the path to recovery on the back of easing inflationary pressures. Subsequently, the global economy continued its moderate recovery. In Japan as well, personal consumption increased along with improvements in employment and income. As a result of these and other factors, the Japanese economy is generally in recovery.

The outlook moving forward for overseas economies is for personal consumption and capital expenditure to remain steady, as the cost of living and pressures of rising interest rates ease. However, there are also concerns about the effects of the second Trump administration's policies, which may reignite inflation and deepen social division. These are some of the risks that may place further downward pressures on the global economy. In Japan as well, in addition to an increase in personal consumption as real wages rise, the outlook is for an increase in capital investment aimed at resolving labor shortages and facilitating digitalization and decarbonization. However, increasing uncertainty in overseas economies and other factors are expected to keep the economic recovery at a moderate pace.

In such circumstances, the Tsubaki Group will remain focused on achieving the Mid-term Management Plan 2025, and concentrate on rolling out various measures with an awareness of capital costs, while also bolstering manufacturing and strengthening the earning power of our existing businesses, as well as moving forward with the development of new businesses that will lead to sustainable growth.

As a result, orders received by the Tsubaki Group for this nine-month period were up 4.4% year on year to ¥205,990 million, and net sales increased 5.0% year on year to ¥206,610 million.

Operating income increased 10.5% year on year to ¥15,863 million, and ordinary income increased 13.9% year on year to ¥18,374 million, while net income attributable to parent company shareholders increased 25.0% year on year to ¥14,952 million.

Segment results are summarized as follows:

[Chains]

In the Chains segment, net sales increased year on year due to such factors as a rise in sales in Japan and China, and the effect of the weakening of the yen.

The segment recorded a year-on-year increase of 4.3% in orders received to ¥70,028 million, while net sales increased 1.1% year on year to ¥70,090 million. However, operating income decreased 6.3% year on year to ¥11,349 million due to various factors including a rise in labor costs.

[Motion Control]

In the Motion Control segment, net sales increased year-on-year due to such factors as a rise in sales in Japan, South Korea, and Taiwan, despite a fall in sales in the Americas, Europe, the Indian Ocean Rim, and China.

Subsequently, the segment recorded a year-on-year increase of 7.2% in orders received to ¥16,757 million, a 2.5% increase in net sales over the same period to ¥17,022 million, and a year-on-year increase of 15.6% in operating income to ¥640 million.

[Mobility]

In the Mobility segment, net sales increased year on year due to factors such as an increase in the sales of timing chain systems for automobile engines and other items in the Americas, Europe, and South Korea.

The segment recorded a year-on-year increase of 6.8% in orders received to ¥67,369 million, a year-on-year increase of 7.5% in net sales to ¥67,698 million, and a year-on-year increase of 11.0% in operating income to ¥5,895 million.

[Materials Handling Systems]
In the Materials Handling Systems segment, there was a year-on-year increase in net sales due to an increase in sales of metalworking chips handling, coolant processing systems, and systems for the automotive industry in the Americas, and an increase in sales of systems for the logistics industry and automobile industry in Japan, along with other factors.
Subsequently, the segment recorded a year-on-year increase of 0.9% in orders received to ¥49,862 million, and a 8.4% increase in net sales over the same period to ¥49,714 million. Operating income was ¥148 million (operating loss of ¥1,823 million in the same period of the previous fiscal year).

[Other]
Other orders received decreased 3.3% year on year to ¥1,972 million, and net sales increased 1.4% over the same period to ¥2,085 million. Despite this, the Group recorded an operating loss of ¥655 million (operating loss of ¥707 million in the same period of the previous fiscal year).

(2) Summary of Financial Position of the Quarterly Consolidated Period

(Assets)
Total assets on December 31, 2024 were ¥375,649 million, down ¥15,648 million from the end of the previous consolidated fiscal year.
Current assets totaled ¥194,314 million, a decrease of ¥11,538 million from the end of the previous consolidated fiscal year. This was due to various factors such as a decrease of ¥15,224 million in cash and deposits, despite an increase of ¥1,627 million in electronically recorded monetary claims, an increase of ¥1,328 million in other current assets due to an increase in corporate tax receivable, etc., and other factors, and an increase of ¥447 million in inventories.
Non-current assets amounted to ¥181,334 million, down ¥4,110 million from the end of the previous consolidated fiscal year. The decrease was partly attributable to a ¥3,301 million decrease in investments in securities from the sale of securities held by the Company and other factors, a ¥366 million decrease in property, plant and equipment, and a ¥448 million decrease in intangible fixed assets.

(Liabilities)
Liabilities on December 31, 2024 were ¥116,555 million, down ¥14,183 million from the end of the previous consolidated fiscal year. This was attributable to various factors such as a ¥7,000 million decrease in electronically recorded monetary obligations due to a shortening of the payment period and other factors, a ¥3,578 million decrease in borrowings, a ¥1,892 million decrease in income taxes payable, and a ¥1,630 million decrease in provision for bonuses.

(Net assets)
Net assets were ¥259,093 million, down ¥1,465 million from the end of the previous consolidated fiscal year, and the equity ratio was 68.4%. This was attributable to numerous factors, including a ¥7,968 million increase in retained earnings and a ¥3,929 million increase in foreign currency translation adjustments due to exchange rate fluctuations, despite a ¥9,939 million increase (decrease in net assets) in treasury stock acquired, etc., and a ¥3,479 million decrease in valuation difference on available-for-sale securities.

(3) Summary of Cash Flow of the Quarterly Consolidated Period

Cash and cash equivalents (hereafter referred to as "cash") at the end of the third-quarter consolidated period amounted to ¥58,396 million, down ¥16,258 million from the end of the previous consolidated fiscal year. Respective cash flows and their causes are as follows:

(Cash provided by operating activities)

Net cash provided by operating activities was ¥12,332 million (¥27,638 million in the same period of the previous fiscal year). This was attributable to various factors such as quarterly profit before income taxes of ¥21,015 million and depreciation and amortization of ¥10,571 million, which offset a gain on sale of investment securities of ¥2,781 million, income taxes paid of ¥7,522 million, and a ¥7,997 million decrease in trade payables.

(Cash used in investing activities)

Net cash used in investing activities was ¥8,924 million (¥7,619 million in the same period of the previous fiscal year). This resulted from various factors such as ¥8,726 million used for the acquisition of fixed assets, ¥3,822 million used for the deposits of fixed deposits, and ¥2,094 million used for the acquisition of shares of subsidiaries and associates, despite an income of ¥2,987 million from the sale of investments in securities, and an income of ¥2,598 million from the payout of fixed deposits.

(Cash used in financing activities)

Net cash used in financing activities was ¥21,353 million (¥12,282 million in the same period of the previous fiscal year). This resulted from various factors such as ¥10,005 million used to acquire treasury stock, ¥6,984 million used to pay for dividends, and a ¥3,617 million decrease in borrowings.

(4) Discussion of Future Outlook including Consolidated Operating Results Forecast

Based on the actual results for the third-quarter consolidated period and the current outlook, we have revised the full-term consolidated results forecast announced on October 31, 2024, for the fiscal year ending March 31, 2025, as below.

The exchange rate used for the fourth quarter of this fiscal year, which is an assumption on which the full-term consolidated business results forecasts are based, is set at 1 USD=155 JPY, and 1 Euro=160 JPY.

Revised full-term consolidated results forecast for the fiscal year ending March 31, 2025 (April 1, 2024 – March 31, 2025)

	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
Previously released forecast (A) (Released October 31, 2024)	274,000	20,000	22,000	20,000	192.25
Revised forecast (B)	278,000	22,200	24,000	21,000	201.86
Increase/(Decrease) (B-A)	4,000	2,200	2,000	1,000	—
Percentage increase/(decrease) (%)	1.5	11.0	9.1	5.0	—

(Note) Effective October 1, 2024, the Company split its common shares at a ratio of 1 to 3. Net income per share in the full-term consolidated results forecast for the fiscal year ending March 31, 2025 reflects the effect of the stock split. The net income per share forecast for the fiscal year ending March 31, 2025, not reflecting the stock split, will now be the revised amount of 605.58 yen (the previous forecast was 576.75 yen).

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	77,321	62,096
Notes and accounts receivable - trade, and contract assets	47,095	47,200
Electronically recorded monetary claims - operating	20,255	21,882
Securities	603	882
Merchandise and finished goods	26,217	25,544
Work in process	16,959	18,793
Raw materials and supplies	14,980	14,267
Other	3,359	4,687
Allowance for doubtful accounts	(938)	(1,040)
Total current assets	205,853	194,314
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	34,534	33,834
Machinery, equipment and vehicles, net	35,888	34,240
Tools, furniture and fixtures, net	4,373	4,719
Land	38,533	38,583
Construction in progress	5,612	7,197
Total property, plant and equipment	118,942	118,575
Intangible assets		
Goodwill	1,216	1,119
Other	7,688	7,337
Total intangible assets	8,904	8,456
Investments and other assets		
Investment securities	47,052	43,751
Retirement benefit asset	298	332
Other	10,354	10,325
Allowance for doubtful accounts	(106)	(106)
Total investments and other assets	57,598	54,302
Total non-current assets	185,444	181,334
Total assets	391,298	375,649

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,592	18,134
Electronically recorded obligations - operating	14,699	7,699
Short-term borrowings	4,183	4,204
Current portion of bonds payable	-	5,000
Current portion of long-term borrowings	5,801	1,579
Income taxes payable	2,906	1,013
Provision for bonuses	6,133	4,503
Provision for loss on construction contracts	179	96
Provision for shareholder benefit program	46	-
Electronically recorded obligations - non-operating	2,809	2,639
Other	22,148	23,312
Total current liabilities	77,499	68,182
Non-current liabilities		
Bonds payable	15,000	10,000
Long-term borrowings	3,728	4,350
Provision for retirement benefits for directors (and other officers)	144	150
Retirement benefit liability	12,497	12,894
Asset retirement obligations	600	606
Other	21,267	20,369
Total non-current liabilities	53,238	48,372
Total liabilities	130,738	116,555
Net assets		
Shareholders' equity		
Share capital	17,076	17,076
Capital surplus	12,582	12,598
Retained earnings	185,285	193,253
Treasury shares	(4,375)	(14,315)
Total shareholders' equity	210,568	208,612
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25,667	22,187
Deferred gains or losses on hedges	(61)	(82)
Revaluation reserve for land	(10,597)	(10,597)
Foreign currency translation adjustment	31,991	35,921
Remeasurements of defined benefit plans	831	825
Total accumulated other comprehensive income	47,831	48,254
Non-controlling interests	2,159	2,226
Total net assets	260,559	259,093
Total liabilities and net assets	391,298	375,649

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Net sales	196,806	206,610
Cost of sales	139,947	146,693
Gross profit	56,858	59,917
Selling, general and administrative expenses	42,509	44,053
Operating profit	14,349	15,863
Non-operating income		
Interest income	684	1,013
Dividend income	1,245	1,654
Other	895	859
Total non-operating income	2,825	3,527
Non-operating expenses		
Interest expenses	216	206
Foreign exchange losses	-	240
Restructuring expenses	289	-
Other	536	569
Total non-operating expenses	1,042	1,016
Ordinary profit	16,132	18,374
Extraordinary income		
Settlement income	1,259	-
Gain on sale of investment securities	1,192	2,781
Total extraordinary income	2,451	2,781
Extraordinary losses		
Impairment losses	597	21
Loss on valuation of investment securities	502	-
Loss on valuation of shares of subsidiaries and associates	178	118
Total extraordinary losses	1,278	140
Profit before income taxes	17,305	21,015
Income taxes - current	4,643	5,303
Income taxes - deferred	668	718
Total income taxes	5,311	6,021
Profit	11,993	14,993
Profit attributable to non-controlling interests	29	40
Profit attributable to owners of parent	11,964	14,952

Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit	11,993	14,993
Other comprehensive income		
Valuation difference on available-for-sale securities	6,043	(3,479)
Deferred gains or losses on hedges	68	(20)
Foreign currency translation adjustment	8,698	3,980
Remeasurements of defined benefit plans, net of tax	60	(6)
Share of other comprehensive income of entities accounted for using equity method	34	11
Total other comprehensive income	14,905	485
Comprehensive income	26,899	15,478
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	26,701	15,375
Comprehensive income attributable to non-controlling interests	197	103

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	17,305	21,015
Depreciation	10,190	10,571
Impairment losses	597	21
Amortization of goodwill	137	146
Loss (gain) on sale and retirement of non-current assets	74	77
Loss (gain) on valuation of investment securities	502	72
Loss on valuation of shares of subsidiaries and associates	178	118
Loss (gain) on sale of investment securities	(1,192)	(2,781)
Subsidies for employment adjustment	(3)	-
Increase (decrease) in allowance for doubtful accounts	(31)	66
Increase (decrease) in retirement benefit liability	396	291
Decrease (increase) in trade receivables	(35)	(851)
Decrease (increase) in inventories	303	464
Increase (decrease) in trade payables	3,147	(7,997)
Other, net	(407)	(3,761)
Subtotal	31,165	17,455
Interest and dividends received	1,974	2,622
Interest paid	(217)	(222)
Proceeds from subsidies for employment adjustment	3	-
Income taxes paid	(5,287)	(7,522)
Net cash provided by (used in) operating activities	27,638	12,332
Cash flows from investing activities		
Payments into time deposits	(2,257)	(3,822)
Proceeds from withdrawal of time deposits	1,202	2,598
Purchase of investment securities	(618)	(17)
Proceeds from sale of investment securities	1,332	2,987
Purchase of shares of subsidiaries and associates	-	(2,094)
Net decrease (increase) in short-term loans receivable	(20)	2
Long-term loan advances	(11)	(10)
Proceeds from collection of long-term loans receivable	12	12
Purchase of non-current assets	(7,367)	(8,726)
Proceeds from sale of non-current assets	107	144
Net cash provided by (used in) investing activities	(7,619)	(8,924)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,140)	(7)
Proceeds from long-term borrowings	-	2,150
Repayments of long-term borrowings	(269)	(5,760)
Repayments of finance lease liabilities	(519)	(710)
Dividends paid	(4,767)	(6,984)
Dividends paid to non-controlling interests	(33)	(35)
Purchase of treasury shares	(4,552)	(10,005)
Proceeds from sale of treasury shares	-	0
Net cash provided by (used in) financing activities	(12,282)	(21,353)
Effect of exchange rate change on cash and cash equivalents	2,437	1,686
Net increase (decrease) in cash and cash equivalents	10,174	(16,258)
Cash and cash equivalents at beginning of period	56,978	74,655
Cash and cash equivalents at end of period	67,152	58,396