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October 27, 2023

Consolidated Financial Results for the Six Months Ended September 30, 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 to file quarterly securities report: November 10, 2023
 Scheduled date to commence dividend payments: December 4, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2023	55,893	8.0	2,636	16.3	2,841	15.8	1,927	16.9
September 30, 2022	51,737	16.7	2,267	22.9	2,452	19.9	1,649	21.6

Note: Comprehensive income For the six months ended September 30, 2023: ¥3,671 million [147.0%]
 For the six months ended September 30, 2022: ¥1,486 million [(15.8)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	307.74	—
September 30, 2022	263.39	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2023	86,436	36,931	42.5
March 31, 2023	84,474	34,039	40.0

Reference: Equity
 As of September 30, 2023: ¥36,707 million
 As of March 31, 2023: ¥33,806 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	30.00	—	120.00	150.00
Fiscal year ending March 31, 2024	—	40.00			
Fiscal year ending March 31, 2024 (Forecast)			—	120.00	160.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

Note: The year-end dividend for the fiscal year ended March 31, 2023 includes a special dividend of 10 yen.

Please refer to the "Notice Concerning Dividends of Surplus (Interim Dividend) and Revision to Year-End Dividend Forecast" released today (October 27, 2023) for the revision to the dividend forecast.

3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2024 (from 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
Full year	107,000	(0.9)	5,000	(2.0)	5,350	(1.6)	3,750	2.3	598.66

Note: Revisions to the most recently announced forecasts of consolidated financial results: Yes

Please refer to the "Notice Concerning Differences between Forecasts and Actual Results for the Six Months Ended September 30, 2023, and Revisions to Full-Year Financial Results Forecasts" released today (October 27, 2023) for the revisions to consolidated financial results forecasts.

* **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) 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

(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

(4) Number of issued shares (common shares)

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

As of September 30, 2023	6,497,969 shares
As of March 31, 2023	6,497,969 shares

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

As of September 30, 2023	234,097 shares
As of March 31, 2023	233,797 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	6,264,033 shares
Six months ended September 30, 2022	6,261,972 shares

Note: The Company has introduced the Board Benefit Trust for Directors, etc., 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.

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* 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.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	22,927	23,164
Notes and accounts receivable - trade, and contract assets	27,966	28,801
Electronically recorded monetary claims - operating	12,980	12,632
Merchandise and finished goods	2,952	3,097
Work in process	1,191	928
Other	3,205	2,076
Allowance for doubtful accounts	(173)	(178)
Total current assets	<u>71,049</u>	<u>70,522</u>
Non-current assets		
Property, plant and equipment	2,055	2,060
Intangible assets	357	366
Investments and other assets		
Investment securities	9,825	12,314
Deferred tax assets	53	47
Other	1,336	1,327
Allowance for doubtful accounts	(203)	(203)
Total investments and other assets	<u>11,011</u>	<u>13,486</u>
Total non-current assets	<u>13,424</u>	<u>15,914</u>
Total assets	<u>84,474</u>	<u>86,436</u>
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,592	17,829
Electronically recorded obligations - operating	22,987	23,125
Income taxes payable	960	764
Advances received	4,217	3,501
Provision for bonuses for directors (and other officers)	11	70
Other	960	715
Total current liabilities	<u>47,730</u>	<u>46,006</u>
Non-current liabilities		
Provision for share awards for directors (and other officers)	126	151
Retirement benefit liability	1,804	1,845
Long-term accounts payable - other	211	211
Deferred tax liabilities	330	1,032
Other	231	257
Total non-current liabilities	<u>2,704</u>	<u>3,498</u>
Total liabilities	<u>50,434</u>	<u>49,505</u>
Net assets		
Shareholders' equity		
Share capital	2,945	2,945
Capital surplus	1,867	1,944
Retained earnings	26,184	27,353
Treasury shares	(542)	(620)
Total shareholders' equity	<u>30,455</u>	<u>31,623</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,231	4,936
Deferred gains or losses on hedges	(0)	(39)
Foreign currency translation adjustment	142	201
Remeasurements of defined benefit plans	(22)	(14)
Total accumulated other comprehensive income	<u>3,350</u>	<u>5,084</u>
Non-controlling interests	<u>233</u>	<u>223</u>
Total net assets	<u>34,039</u>	<u>36,931</u>
Total liabilities and net assets	<u>84,474</u>	<u>86,436</u>

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

(Millions of Yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	51,737	55,893
Cost of sales	44,015	47,277
Gross profit	7,721	8,615
Selling, general and administrative expenses	5,454	5,979
Operating profit	2,267	2,636
Non-operating income		
Interest income	2	4
Dividend income	176	195
Share of profit of entities accounted for using equity method	2	—
Other	24	32
Total non-operating income	206	231
Non-operating expenses		
Interest expenses	3	4
Share of loss of entities accounted for using equity method	—	10
Commission expenses	4	4
Other	12	7
Total non-operating expenses	21	27
Ordinary profit	2,452	2,841
Profit before income taxes	2,452	2,841
Income taxes - current	814	962
Income taxes - deferred	(9)	(43)
Total income taxes	805	919
Profit	1,647	1,922
Loss attributable to non-controlling interests	(2)	(5)
Profit attributable to owners of parent	1,649	1,927

Quarterly Consolidated Statement of Comprehensive Income

(Millions of Yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	1,647	1,922
Other comprehensive income		
Valuation difference on available-for-sale securities	(235)	1,705
Deferred gains or losses on hedges	(65)	(39)
Foreign currency translation adjustment	95	49
Remeasurements of defined benefit plans, net of tax	9	7
Share of other comprehensive income of entities accounted for using equity method	35	25
Total other comprehensive income	(160)	1,749
Comprehensive income	1,486	3,671
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,466	3,661
Comprehensive income attributable to non-controlling interests	20	9

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of Yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	2,452	2,841
Depreciation	76	118
Increase (decrease) in provisions	103	88
Interest and dividend income	(179)	(199)
Interest expenses	3	4
Share of loss (profit) of entities accounted for using equity method	(2)	10
Decrease (increase) in trade receivables	3,016	(455)
Decrease (increase) in inventories	116	133
Increase (decrease) in trade payables	(2,775)	(664)
Decrease (increase) in advance payments to suppliers	65	393
Increase (decrease) in advances received	(646)	(760)
Increase (decrease) in accrued consumption taxes	(659)	771
Increase (decrease) in retirement benefit liability	16	40
Decrease (increase) in other assets	46	(9)
Increase (decrease) in other liabilities	(93)	(104)
Other, net	4	(38)
Subtotal	<u>1,545</u>	<u>2,169</u>
Interest and dividends received	179	199
Interest paid	(1)	(1)
Income taxes paid	(1,254)	(1,126)
Dividends received from entities accounted for using equity method	5	13
Net cash provided by (used in) operating activities	<u>473</u>	<u>1,254</u>
Cash flows from investing activities		
Purchase of non-current assets	(84)	(245)
Purchase of investment securities	(16)	(16)
Net decrease (increase) in short-term loans receivable	(16)	(9)
Long-term loan advances	(0)	(1)
Proceeds from collection of long-term loans receivable	0	1
Other, net	(49)	(3)
Net cash provided by (used in) investing activities	<u>(165)</u>	<u>(275)</u>
Cash flows from financing activities		
Purchase of treasury shares	(0)	(142)
Proceeds from disposal of treasury shares	4	141
Repayments of lease liabilities	(13)	(22)
Dividends paid	(758)	(758)
Dividends paid to non-controlling interests	—	(20)
Net cash provided by (used in) financing activities	<u>(768)</u>	<u>(803)</u>
Effect of exchange rate change on cash and cash equivalents	95	61
Net increase (decrease) in cash and cash equivalents	<u>(365)</u>	<u>236</u>
Cash and cash equivalents at beginning of period	17,604	22,927
Cash and cash equivalents at end of period	<u>17,239</u>	<u>23,164</u>

(Segment Information, etc.)

Segment information

I. For the six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)

1. Information on net sales and profit (loss) by reportable segment, and information on disaggregation of revenue

(Millions of yen)

	Reportable segment				Total	Adjustments	Amount in the quarterly consolidated statement of income
	Eastern Japan Headquarters	Western Japan Headquarters	Central Japan Headquarters	Strategic Business Development Center			
Net sales							
Goods or services transferred at a point in time	14,185	11,948	5,999	8,371	40,506	—	40,506
Goods or services transferred over time	1,904	8,481	523	320	11,230	—	11,230
Revenue from contracts with customers	16,090	20,430	6,523	8,692	51,737	—	51,737
Sales to external customers	16,090	20,430	6,523	8,692	51,737	—	51,737
Inter-segment sales or transfers	88	106	170	444	809	(809)	—
Total	16,178	20,536	6,693	9,136	52,546	(809)	51,737
Segment profit	638	1,535	256	423	2,855	(588)	2,267

2. Differences between the total amount of reportable segments and the amount recorded in the quarterly consolidated statement of income, and major breakdown of such differences (matters related to adjustment of differences)

(Millions of yen)

Profit	Amount
Total reportable segments	2,855
Elimination of inter-segment transactions	(0)
Corporate expenses (Note)	(587)
Operating profit in the quarterly consolidated statement of income	2,267

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

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

Not applicable.

II. For the six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)

1. Information on net sales and profit (loss) by reportable segment, and information on disaggregation of revenue

(Millions of yen)

	Reportable segment				Total	Adjustments	Amount in the quarterly consolidated statement of income
	Eastern Japan Headquarters	Western Japan Headquarters	Central Japan Headquarters	Strategic Business Development Center			
Net sales							
Goods or services transferred at a point in time	15,999	14,031	6,863	9,362	46,256	—	46,256
Goods or services transferred over time	3,835	4,502	835	464	9,637	—	9,637
Revenue from contracts with customers	19,834	18,533	7,698	9,826	55,893	—	55,893
Sales to external customers	19,834	18,533	7,698	9,826	55,893	—	55,893
Inter-segment sales or transfers	156	695	130	748	1,730	(1,730)	—
Total	19,990	19,228	7,829	10,575	57,623	(1,730)	55,893
Segment profit	1,121	1,453	448	326	3,350	(713)	2,636

(Notes)1. Main sales areas and subsidiaries in each segment are as follows.

In the case of deliveries outside the sales area at the request of the customer, the results are recorded in the segment to which the division in charge belongs.

Segment	Main sales areas and subsidiaries
Eastern Japan Headquarters	Hokkaido, Tohoku, Koshinetsu, Kanto regions and 5 subsidiaries located in the same regions
Western Japan Headquarters	Hokuriku, Kansai, Chugoku, Shikoku, Kyushu regions and 5 subsidiaries located in the same regions
Central Japan Headquarters	Tokai region and 1 subsidiary located in the same region
Strategic Business Development Center	All over Japan, overseas and 7 overseas subsidiaries

2. Major products in each segment are as follows.

Segment	Major product name
Eastern 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
Western Japan Headquarters	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
Central Japan Headquarters	
Strategic Business Development Center	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

2. Differences between the total amount of reportable segments and the amount recorded in the quarterly consolidated statement of income, and major breakdown of such differences (matters related to adjustment of differences)

(Millions of yen)

Profit	Amount
Total reportable segments	3,350
Elimination of inter-segment transactions	(7)
Corporate expenses (Note)	(706)
Operating profit in the quarterly consolidated statement of income	2,636

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

3. Information concerning impairment losses on non-current assets by reportable segment
Not applicable.