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October 28, 2022

Consolidated Financial Results for the Six Months Ended September 30, 2022 (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
 Inquiries: Junshi Koketsu, Managing Officer
 Telephone: +81-6-4795-8832
 Scheduled date to file quarterly securities report: November 10, 2022
 Scheduled date to commence dividend payments: December 2, 2022
 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, 2022 (from April 1, 2022 to September 30, 2022)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2022	51,737	16.7	2,267	22.9	2,452	19.9	1,649	21.6
September 30, 2021	44,337	1.4	1,844	17.7	2,045	10.2	1,355	8.0

Note: Comprehensive income For the six months ended September 30, 2022: ¥1,486 million [(15.8)%]
 For the six months ended September 30, 2021: ¥1,766 million [12.9%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	263.39	—
September 30, 2021	216.59	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2022	73,920	31,501	42.3
March 31, 2022	76,773	30,762	39.8

Reference: Equity
 As of September 30, 2022: ¥31,295 million
 As of March 31, 2022: ¥30,577 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, 2022	—	30.00	—	120.00	150.00
Fiscal year ending March 31, 2023	—	30.00			
Fiscal year ending March 31, 2023 (Forecast)			—	100.00	130.00

Note: Revisions to the forecast of cash dividends most recently announced: None

Note: The year-end dividend for the fiscal year ended March 31, 2022 includes a commemorative dividend of 20 yen.

3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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	100,000	3.2	4,500	2.4	4,900	2.9	3,260	2.6	520.72

Note: Revisions to the most recently announced forecasts of consolidated financial results: None

*** 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, 2022	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 September 30, 2022	233,733 shares
As of March 31, 2022	237,387 shares

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

Six months ended September 30, 2022	6,261,972 shares
Six months ended September 30, 2021	6,260,334 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.

- * 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, 2021	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	17,604	17,239
Notes and accounts receivable - trade, and contract assets	28,608	26,743
Electronically recorded monetary claims - operating	12,736	11,632
Merchandise and finished goods	2,667	2,536
Work in process	608	617
Other	2,281	2,943
Allowance for doubtful accounts	(189)	(165)
Total current assets	64,317	61,547
Non-current assets		
Property, plant and equipment	1,913	1,975
Intangible assets	106	223
Investments and other assets		
Investment securities	9,269	8,975
Deferred tax assets	49	51
Other	1,322	1,350
Allowance for doubtful accounts	(204)	(204)
Total investments and other assets	10,436	10,173
Total non-current assets	12,456	12,372
Total assets	76,773	73,920
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,813	20,889
Electronically recorded obligations - operating	15,935	13,130
Income taxes payable	1,114	679
Advances received	4,897	4,338
Provision for bonuses for directors (and other officers)	9	70
Provision for loss on construction contracts	—	45
Other	664	807
Total current liabilities	43,435	39,960
Non-current liabilities		
Provision for share awards for directors (and other officers)	86	101
Retirement benefit liability	1,836	1,853
Long-term accounts payable - other	211	211
Deferred tax liabilities	191	50
Other	248	241
Total non-current liabilities	2,575	2,458
Total liabilities	46,010	42,419
Net assets		
Shareholders' equity		
Share capital	2,945	2,945
Capital surplus	1,867	1,867
Retained earnings	23,465	24,356
Treasury shares	(553)	(542)
Total shareholders' equity	27,726	28,627
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,872	2,637
Deferred gains or losses on hedges	(25)	(91)
Foreign currency translation adjustment	74	182
Remeasurements of defined benefit plans	(69)	(60)
Total accumulated other comprehensive income	2,851	2,667
Non-controlling interests	185	205
Total net assets	30,762	31,501
Total liabilities and net assets	76,773	73,920

(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, 2021	Six months ended September 30, 2022
Net sales	44,337	51,737
Cost of sales	37,355	44,015
Gross profit	6,981	7,721
Selling, general and administrative expenses	5,137	5,454
Operating profit	1,844	2,267
Non-operating income		
Interest income	0	2
Dividend income	129	176
Share of profit of entities accounted for using equity method	—	2
Subsidy income	62	—
Other	27	24
Total non-operating income	220	206
Non-operating expenses		
Interest expenses	3	3
Share of loss of entities accounted for using equity method	6	—
Commission expenses	4	4
Other	5	12
Total non-operating expenses	19	21
Ordinary profit	2,045	2,452
Extraordinary losses		
Loss on compensations	13	—
Total extraordinary losses	13	—
Profit before income taxes	2,031	2,452
Income taxes - current	726	814
Income taxes - deferred	(53)	(9)
Total income taxes	673	805
Profit	1,358	1,647
Profit (loss) attributable to non-controlling interests	2	(2)
Profit attributable to owners of parent	1,355	1,649

Quarterly Consolidated Statement of Comprehensive Income

(Millions of Yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	1,358	1,647
Other comprehensive income		
Valuation difference on available-for-sale securities	356	(235)
Deferred gains or losses on hedges	4	(65)
Foreign currency translation adjustment	23	95
Remeasurements of defined benefit plans, net of tax	8	9
Share of other comprehensive income of entities accounted for using equity method	15	35
Total other comprehensive income	408	(160)
Comprehensive income	1,766	1,486
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,763	1,466
Comprehensive income attributable to non-controlling interests	2	20

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of Yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	2,031	2,452
Depreciation	81	76
Increase (decrease) in provisions	103	103
Interest and dividend income	(130)	(179)
Interest expenses	3	3
Share of loss (profit) of entities accounted for using equity method	6	(2)
Loss on compensations	13	—
Decrease (increase) in trade receivables	414	3,016
Decrease (increase) in inventories	(449)	116
Increase (decrease) in trade payables	2,124	(2,775)
Decrease (increase) in advance payments to suppliers	(1,615)	65
Increase (decrease) in advances received	2,925	(646)
Increase (decrease) in accrued consumption taxes	(43)	(659)
Increase (decrease) in retirement benefit liability	(6)	16
Decrease (increase) in other assets	39	46
Increase (decrease) in other liabilities	(145)	(93)
Other, net	32	4
Subtotal	5,384	1,545
Interest and dividends received	130	179
Interest paid	0	(1)
Income taxes paid	(174)	(1,254)
Dividends received from entities accounted for using equity method	7	5
Net cash provided by (used in) operating activities	5,348	473
Cash flows from investing activities		
Purchase of non-current assets	(62)	(84)
Purchase of investment securities	(12)	(16)
Net decrease (increase) in short-term loans receivable	(22)	(16)
Long-term loan advances	(1)	0
Proceeds from collection of long-term loans receivable	0	0
Other, net	1	(49)
Net cash provided by (used in) investing activities	(96)	(165)
Cash flows from financing activities		
Purchase of treasury shares	0	0
Proceeds from disposal of treasury shares	1	4
Repayments of lease liabilities	(9)	(13)
Dividends paid	(569)	(758)
Dividends paid to non-controlling interests	(23)	—
Net cash provided by (used in) financing activities	(602)	(768)
Effect of exchange rate change on cash and cash equivalents	36	95
Net increase (decrease) in cash and cash equivalents	4,686	(365)
Cash and cash equivalents at beginning of period	11,935	17,604
Cash and cash equivalents at end of period	16,622	17,239

(Segment Information, etc.)

Segment information

I. For the six months ended September 30, 2021 (From April 1, 2021 to March 31, 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	12,563	11,268	5,490	7,413	36,735	—	36,735
Goods or services transferred over time	3,621	2,964	716	299	7,602	—	7,602
Revenue from contracts with customers	16,185	14,232	6,206	7,713	44,337	—	44,337
Sales to external customers	16,185	14,232	6,206	7,713	44,337	—	44,337
Inter-segment sales or transfers	104	288	275	279	948	(948)	—
Total	16,289	14,521	6,482	7,993	45,286	(948)	44,337
Segment profit	873	885	337	301	2,397	(552)	1,844

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

(Millions of yen)

Profit	Amount
Total reportable segments	2,397
Elimination of inter-segment transactions	0
Corporate expenses (Note)	(553)
Operating profit in the quarterly consolidated statement of income	1,844

(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, 2022 (From April 1, 2022 to March 31, 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	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

(Note) 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	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

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.