This document is an English excerpt translation of the Japanese version of the consolidated financial summary of Tsubaki Nakashima has produced for immediate reference purpose. In the event of any discrepancy between the translated document and the Japanese version, the original shall prevail.

Consolidated Financial Results for the Nine Months Ended September 30, 2020 Unaudited [IFRS]

November 13, 2020

Company name: Tsubaki Nakashima Co., Ltd.
Stock exchange listing: Tokyo Stock Exchange
Code number: 6464
URL: http://www.tsubaki-nakashima.com/en/
Representative: Koji Hirota, Director and Representative Executive Officer, President, CEO
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Scheduled date of filing quarterly securities report: November 13, 2020
Availability of supplementary briefing material on quarterly financial results: Available
Schedule of quarterly financial results briefing session: Not Scheduled

(Amounts of less than one million yen are rounded.)

1. Consolidated Financial Results for the Nine Months Ended September 30, 2020 (January 1, 2020 to September 30, 2020)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Sales		Operating profit		Profit before taxes		Net profit for the period	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2020	36,743	(27.2)	2,121	(72.6)	1,494	(78.9)	1,069	(78.8)
September 30, 2019	50,490	(11.7)	7,745	(0.9)	7,071	1.9	5,037	(7.5)

	Net profit for the period attributable to owners of the parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Nine months ended	Million yen	%	Million yen	%	Yen	Yen
September 30, 2020	1,071	(78.7)	(153)	—	26.58	26.58
September 30, 2019	5,033	(7.5)	1,383	(69.3)	125.41	123.43

(Reference) EBITDA: Nine months ended September 30, 2020: ¥4,648 million (down54.8%)
Nine months ended September 30, 2019: ¥10,272 million
EBITDA = Operating profit + depreciation and amortization. EBITDA is outside the scope of quarterly review pursuant to the Financial Instrument and Exchange Act.

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Million yen	Million yen	Million yen	%
As of September 30, 2020	128,756	43,418	43,388	33.7
As of December 31 , 2019	135,156	45,878	45,846	33.9

The English translation is only for reference purpose. When there are discrepancies between original Japanese version and English translation version, the original Japanese version always prevails.

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2019	-	40.00	-	41.00	81.00
Fiscal year ending December 31, 2020	-	10.00	-		
Fiscal year ending December 31, 2020 (Forecast)				5.00	15.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2020 (January 1, 2020 to December 31, 2020)

(% indicates changes from the previous corresponding period.)

	Sales		Operating profit		Profit before taxes	
	Million yen	%	Million yen	%	Million yen	%
Full year	49,000	(24.1)	2,600	(68.2)	1,720	(76.2)

	Net profit for the period attributable to owners of the parent		Basic earnings per share
	Million yen	%	Yen
Full year	1,200	(75.5)	29.75

(Note) Revision to the financial results forecast announced most recently: No

*** Notes:**

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies and changes in accounting estimates
1) Changes in accounting policies required by IFRS: No
2) Changes in accounting policies other than 1) above: No
3) Changes in accounting estimates: No

(3) Total number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
September 30, 2020: 41,063,000 shares
December 31, 2019: 41,063,000 shares

2) Total number of treasury shares at the end of the period:
September 30, 2020: 1,020,399 shares
December 31, 2019: 733,668 shares

3) Average number of shares during the period:
Nine months ended September 30, 2020: 40,302,303 shares
Nine months ended September 30, 2019: 40,135,024 shares

* These quarterly financial results are outside the scope of quarterly review by a certified public accountant or an audit corporation.

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed to be reasonable and are not intended to be construed as assurance that they will be accomplished in the future. Actual results may differ significantly from these forecasts due to a wide range of factors.

1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Business Results

The global economy during the third quarter of the current consolidated cumulative period remained faced with the global expansion of COVID-19 infections. Our business environment remains uncertain due to growing concerns about politics and trade issues between the United States and China.

Under these circumstances, revenue for the consolidated cumulative third quarter of the current fiscal year decreased 27.2% year on year to ¥36,743 million. In terms of profits, operating income decreased 72.6% year-on-year to ¥2,121 million. Quarterly profit attributable to owners of the parent decreased 78.7% year-on-year to ¥1,071 million.

Although the difficult business environment continues, the Group will continue to focus on efforts to restore the Group to a growth trajectory while conducting business to maintain and improve services to customers.

The segment performance is as follows.

Precision Component Business

Precision Component Business revenue decreased 25.7% year-on-year to ¥34,041 million. Segment income (operating income) decreased 47.9% year on year to ¥2,103 million.

Linear business

Revenue in the linear business decreased 39.0% year on year to ¥2,701 million. Segment income (operating income) decreased 99.5% year on year to ¥3 million.

Other

In this segment, we mainly earn revenue from real estate. We sold land for the lease in the previous fiscal year to a 3rd party outside of the group. As a result, revenue decreased 99.4% year-on-year to ¥1 million.

Segment profit (Operating income) decreased 99.5% year-on-year to ¥15 million.

(2) Explanation of Financial Position

Current assets as of the end of the third quarter of the fiscal year decreased ¥3,823 million from the end of the previous fiscal year to ¥51,713 million. This is mainly attributable to a decrease in cash and cash equivalents by ¥2,951 million and trade and other receivables by ¥1,086 million.

Non-current assets decreased ¥2,577 million from the end of the previous fiscal year to ¥77,043 million. This is mainly attributable to a decrease in property, plant and equipment by ¥1,743 million, intangible assets and goodwill by ¥747 million.

Current liabilities increased ¥5,313 million from the end of the previous fiscal year to ¥21,908 million. This is mainly attributable to an increase in loan borrowings by ¥8,567million, despite a decrease in income taxes payable by ¥2,104 million, trade and other payables by ¥563 million.

Non-current liabilities decreased ¥9,253 million from the end of the previous fiscal year to ¥63,430 million. This is mainly attributable to a decrease in loan borrowings by ¥9,390 million.

Equity decreased ¥2,460 million from the end of the previous fiscal year to ¥43,418 million. This is mainly attributable to a decrease in accumulated other comprehensive loss by ¥1,223 million and retained earnings by ¥984 million.

(Analysis of Status of Cash Flows)

Cash and cash equivalents as of the end of the third quarter of the fiscal year decreased ¥2,951 million year on year to ¥13,995 million. The status of cash flows of each activity during the nine months ended September 30, 2020 and its cause are as follows.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥634 million. This is attributable to cash increase factors including profit before taxes of ¥1,494 million, depreciation and amortization of ¥2,527 million and a decrease in trade and other receivable of ¥821 million, despite cash decrease factors including a decrease in trade and other payables of ¥486 million, an increase in inventory of ¥378 million, and income taxes paid of ¥2,971 million.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to ¥746 million. This is attributable to payments for acquisition of property, plant and equipment of ¥604 million and intangible assets of ¥175 million.

(Cash Flows from Financing Activities)

Net cash used in financing activities amounted to ¥2,681 million. This is attributable to repayments of short-term loans and borrowings of ¥2,967 million, cash dividends paid of ¥2,057 million, acquisition of treasury stock of ¥251 million, repayments of lease liabilities of ¥245 million, and proceeds from short-term loans and borrowings of ¥2,974 million.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Regarding the full-year earnings forecast for the fiscal year ending December 2020, there is no change in the full-year earnings forecast announced in the announcement regarding the notice of revision to earnings forecast and dividend forecast on September 15, 2020. For details, please refer to the announcement regarding the notice of revision to earnings forecast and dividend forecast announced on September 15, 2020.

3. Unaudited Condensed Interim Consolidated Financial Statements

(1) Unaudited Condensed Interim Consolidated Statements of Financial Position

(Millions of yen)

	As of December 31, 2019	As of September 30, 2020
Assets		
Current assets		
Cash and cash equivalents	16,946	13,995
Trade and other receivables, net	12,972	11,886
Inventories	24,576	24,627
Other current assets	1,042	1,205
Total current assets	55,536	51,713
Non-current assets		
Property, plant and equipment, net	32,896	31,153
Intangible assets, net and goodwill	45,944	45,197
Other investments	292	280
Deferred tax assets	377	297
Other non-current assets	111	116
Total non-current assets	79,620	77,043
Total assets	135,156	128,756
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	4,544	3,981
Current portion of loans and borrowings	5,715	14,282
Income taxes payable	2,483	379
Other current liabilities	3,853	3,266
Total current liabilities	16,595	21,908
Non-current liabilities		
Loans and borrowings, excluding current portion	62,995	53,605
Net defined benefit liability	2,855	2,800
Deferred tax liabilities	2,674	2,430
Other non-current liabilities	4,159	4,595
Total non-current liabilities	72,683	63,430
Total liabilities	89,278	85,338
Equity		
Share capital	16,831	16,831
Capital surplus	11,100	11,061
Treasury stock	(1,439)	(1,651)
Accumulated other comprehensive loss	(6,665)	(7,888)
Retained earnings	26,019	25,035
Equity attributable to owners of the parent	45,846	43,388
Non-controlling interests	32	30
Total equity	45,878	43,418
Total liabilities and equity	135,156	128,756

(2) Unaudited Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income (Loss)

(Millions of yen)

	For the nine months ended September 30, 2019	For the nine months ended September 30, 2020
Sales	50,490	36,743
Cost of sales	39,658	30,377
Gross profit	10,832	6,366
Selling, general and administrative expenses	5,985	4,330
Other income	2,997	126
Other expenses	99	41
Operating profit	7,745	2,121
Financial income	29	25
Financial expenses	703	652
Profit before taxes	7,071	1,494
Income tax expense	2,034	425
Net profit for the period	5,037	1,069
Net profit for the period attributable to.		
Owners of the parent	5,033	1,071
Non-controlling interests	4	(2)
Net profit for the period	5,037	1,069
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Financial assets measured at FVOCI	(44)	(6)
Total items that will not be reclassified to profit or loss	(44)	(6)
Items that may subsequently be reclassified to profit or loss		
Foreign currency translation differences	(3,617)	(1,321)
Cash flow hedges	(58)	79
Hedges costs	65	26
Total items that may subsequently be reclassified to profit or loss	(3,610)	(1,216)
Other comprehensive loss, net of tax	(3,654)	(1,222)
Total comprehensive income (loss)	1,383	(153)
Total comprehensive income attributable to.		
Owners of the parent	1,381	(151)
Non-controlling interests	2	(2)
Total comprehensive income (loss)	1,383	(153)
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	125.41	26.58
Diluted earnings per share (yen)	123.43	26.58

Unaudited Condensed Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income (Loss)

(Millions of yen)

	For the three months ended September 30, 2019	For the three months ended September 30, 2020
Sales	14,971	12,725
Cost of sales	12,248	10,525
Gross profit	2,723	2,200
Selling, general and administrative expenses	2,266	1,467
Other income	2,879	94
Other expenses	33	32
Operating profit	3,303	795
Financial income	46	3
Financial expenses	214	294
Profit before taxes	3,135	504
Income tax expense	968	127
Net profit for the period	2,167	377
Net profit for the period attributable to.		
Owners of the parent	2,165	378
Non-controlling interests	2	(1)
Net profit for the period	2,167	377
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Financial assets measured at FVOCI	3	13
Total items that will not be reclassified to profit or loss	3	13
Items that may subsequently be reclassified to profit or loss		
Foreign currency translation differences	(1,477)	262
Cash flow hedges	(2)	3
Hedges costs	33	104
Total items that may subsequently be reclassified to profit or loss	(1,446)	369
Other comprehensive loss, net of tax	(1,443)	382
Total comprehensive income (loss)	724	759
Total comprehensive income attributable to.		
Owners of the parent	722	760
Non-controlling interests	2	(1)
Total comprehensive income (loss)	724	759
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	53.76	9.39
Diluted earnings per share (yen)	53.06	9.39

(3) Unaudited Condensed Interim Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2019

(Millions of yen)

	Equity attributable to owners of the parent					
				Accumulated Other Comprehensive Income (Loss)		
	Share capital	Capital surplus	Treasury stock	Changes in fair value of available-for-sale financial assets	Foreign currency translation differences	Cash flow hedges
Balance as of January 1, 2019	16,621	10,823	(1,439)	85	(4,414)	(1,259)
Net profit for the period	—	—	—	—	—	—
Other comprehensive income (loss), net of tax	—	—	—	(44)	(3,615)	(58)
Total comprehensive Income (loss)	—	—	—	(44)	(3,615)	(58)
Issuance of new shares	185	183	—	—	—	—
Dividends	—	—	—	—	—	—
Purchase of treasury stock	—	—	—	—	—	—
Share based payment	—	75	—	—	—	—
Total transactions with owners and other	185	258	—	—	—	—
Balance as of September 30, 2019	16,806	11,081	(1,439)	41	(8,029)	(1,317)

(Millions of yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Accumulated Other Comprehensive Income (Loss)		Retained earnings	Total		
	Hedges costs	Total				
Balance as of January 1, 2019	174	(5,414)	24,462	45,053	27	45,080
Net profit for the period	—	—	5,033	5,033	4	5,037
Other comprehensive income (loss), net of tax	65	(3,652)	—	(3,652)	(2)	(3,654)
Total comprehensive income (loss)	65	(3,652)	5,033	1,381	2	1,383
Issuance of new shares	—	—	—	368	—	368
Dividends	—	—	(3,207)	(3,207)	—	(3,207)
Purchase of treasury stock	—	—	—	—	—	—
Share based payment	—	—	—	75	—	75
Total transactions with owners and other	—	—	(3,207)	(2,764)	—	(2,764)
Balance as of September 30, 2019	239	(9,066)	26,288	43,670	29	43,699

For the nine months ended September 30, 2020

(Millions of yen)

	Equity attributable to owners of the parent					
				Accumulated Other Comprehensive Income (Loss)		
	Share capital	Capital surplus	Treasury stock	Changes in fair value of available-for-sale financial assets	Foreign currency translation differences	Cash flow hedges
Balance as of January 1, 2020	16,831	11,100	(1,439)	69	(5,906)	(1,079)
Net profit for the period	—	—	—	—	—	—
Other comprehensive income (loss), net of tax	—	—	—	(6)	(1,321)	79
Total comprehensive income (loss)	—	—	—	(6)	(1,321)	79
Issuance of new shares	—	—	—	—	—	—
Dividends	—	—	—	—	—	—
Purchase of treasury stock	—	(1)	(251)	—	—	—
Disposition of treasury stock	—	—	39	—	—	—
Share based payment	—	(38)	—	—	—	—
Transfer to retained earnings	—	—	—	(1)	—	—
Total transactions with owners and other	—	(39)	(212)	(1)	—	—
Balance as of September 30, 2020	16,831	11,061	(1,651)	62	(7,227)	(1,000)

(Millions of yen)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Accumulated Other Comprehensive Income (Loss)		Retained earnings	Total		
	Hedges costs	Total				
Balance as of January 1, 2020	251	(6,665)	26,019	45,846	32	45,878
Net profit for the period	—	—	1,071	1,071	(2)	1,069
Other comprehensive income (loss), net of tax	26	(1,222)	—	(1,222)	—	(1,222)
Total comprehensive income (loss)	26	(1,222)	1,071	(151)	(2)	(153)
Issuance of new shares	—	—	—	—	—	—
Dividends	—	—	(2,056)	(2,056)	—	(2,056)
Purchase of treasury stock	—	—	—	(252)	—	(252)
Disposition of treasury stock	—	—	—	39	—	39
Share based payment	—	—	—	(38)	—	(38)
Transfer to retained earnings	—	(1)	1	—	—	—
Total transactions with owners and other	—	(1)	(2,055)	(2,307)	—	(2,307)
Balance as of September 30, 2020	277	(7,888)	25,035	43,388	30	43,418

(4) Unaudited Condensed Interim Consolidated Statements of Cash Flows

(Millions of yen)

	For the nine months ended September 30, 2019	For the nine months ended September 30, 2020
Cash flows from operating activities		
Profit before taxes	7,071	1,494
Depreciation and amortization	2,527	2,527
Increase (decrease) in net defined benefit liability	(12)	(54)
Interest and dividend income	(21)	(22)
Interest expense	611	594
Foreign exchange losses (gains)	25	60
(Gains) losses on sale of fixed assets	(4)	2
(Gains) losses on sale of investment property	(2,839)	—
Decrease (increase) in trade and other receivables	467	821
Decrease (increase) in inventories	(692)	(378)
(Decrease) increase in trade and other payables	(984)	(486)
Other, net	(34)	(451)
Sub total	6,115	4,107
Interest received	17	18
Dividends received	4	4
Interest paid	(537)	(524)
Income taxes paid	(1,774)	(2,971)
Net cash provided by operating activities	3,825	634
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment	(1,112)	(604)
Proceeds from sale of property, plant and equipment	2	25
Proceeds from sale of investment property	6,500	—
Payments for acquisition of intangible properties	(204)	(175)
Other, net	3	8
Net cash used in investing activities	5,189	(746)
Cash flows from financing activities		
Proceeds from short-term loans and borrowings	8,608	2,974
Repayments of short-term loans and borrowings	(2,719)	(2,967)
Repayments of long-term loans and borrowings	(8,635)	(135)
Payments of lease liabilities	(231)	(245)
Proceeds from exercise of subscription rights	371	—
Cash dividends paid	(3,208)	(2,057)
Payments for purchase of treasury stock	(0)	(251)
Net cash used in financing activities	(5,814)	(2,681)
Effect of exchange rate changes on cash and cash equivalents	(439)	(158)
Net increase (decrease) in cash and cash equivalents	2,761	(2,951)
Cash and cash equivalents at the beginning of the period	13,304	16,946
Cash and cash equivalents at the end of the period	16,065	13,995

(5) Summary Notes on the quarterly consolidated financial statements

Notes concerning going concern assumption

Not applicable

Operating Segments

1. General information

(1) Basis of segmentation

The Group is composed of segments by product and service, and there are "Precision components Business", "Linear Business" and "Other Business" as reporting segments.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, for which discrete financial information is available and is subject to regular review by the Chief Executive Officer of the Group for assessing performance and making resource allocation decisions. The Company's operating segments consist of "Precision components business", "Linear business" and "Other business". These businesses offer different products and are managed separately because they require different technologies and marketing strategies.

The "Precision components business" segment engages in manufacturing and sales of various types of steel balls, rollers, cages and sheet metal parts. The "Linear business" segment engages in manufacturing and sales of ball screws and air blowers. The "Other business" segment engages primarily in the leasing of real estate.

Segment information is determined in conformity with the accounting policies used in preparing the condensed interim consolidated financial statements. Operating profit (loss) of each reportable segment is measured in a consistent manner with consolidated operating profit, which is profit before income taxes before finance income and finance costs. Pricing for the inter-segment transactions are determined on an arm's length basis.

(2) Segment Information

Segment information for the nine months ended September 30, 2019 and 2020 is as follows.

For the nine months ended September 30, 2019

(Millions of yen)

	Precision components business	Linear business	Other business	Total	Reconciling items	Condensed interim consolidated financial statements
Sales						
External sales	45,816	4,430	244	50,490	—	50,490
Inter-segment sales	7	—	22	29	(29)	—
Total consolidated sales	45,823	4,430	266	50,519	(29)	50,490
Segment profit	4,033	611	3,101	7,745	—	7,745
				Financial income		29
				Financial expense		(703)
				Profit before taxes		7,071

1 Reconciling items to segment profit include elimination of inter-segment transactions.

2 As a result of the sale of leased land (investment properties) in Amagasaki Hyogo, the amount of reportable segment assets in "Other business" was ¥39 million. Furthermore, ¥2,839 million of gain as sale of investment property resulting from the sale of leased land is included in other income in the condensed

consolidated comprehensive income calculation.

For the nine months ended September 30, 2020

(Millions of yen)

	Precision components business	Linear business	Other business	Total	Reconciling items	Condensed interim consolidated financial statements
Sales						
External sales	34,041	2,701	1	36,743	—	36,743
Inter-segment sales	2	—	22	24	(24)	—
Total consolidated sales	34,043	2,701	23	36,767	(24)	36,743
Segment profit	2,103	3	15	2,121	0	2,121
				Financial income		25
				Financial expense		(652)
				Profit before taxes		1,494

Reconciling items to segment profit include elimination of inter-segment transactions.

Segment information for the three months ended September 30, 2019 and 2020 is as follows.

For the three months ended September 30, 2019

(Millions of yen)

	Precision components business	Linear business	Other business	Total	Reconciling items	Condensed interim consolidated financial statements
Sales						
External sales	13,552	1,363	56	14,971	—	14,971
Inter-segment sales	1	—	7	8	(8)	—
Total consolidated sales	13,553	1,363	63	14,979	(8)	14,971
Segment profit	297	115	2,891	3,303	—	3,303
				Financial income		46
				Financial expense		(214)
				Profit before taxes		3,135

1 Reconciling items to segment profit include elimination of inter-segment transactions.

2 As a result of the sale of leased land (investment properties) in Amagasaki Hyogo, the amount of reportable segment assets in "Other business" was ¥39 million. Furthermore, ¥2,839 million of gain as sale of investment property resulting from the sale of leased land is included in other income in the condensed consolidated comprehensive income calculation.

For the three months ended September 30, 2020

(Millions of yen)

	Precision components business	Linear business	Other business	Total	Reconciling items	Condensed interim consolidated financial statements
Sales						
External sales	11,810	914	1	12,725	—	12,725
Inter-segment sales	1	—	7	8	(8)	—
Total consolidated sales	11,811	914	8	12,733	(8)	12,725
Segment profit	781	8	6	795	0	795
				Financial income		3
				Financial expense		(294)
				Profit before taxes		504

Reconciling items to segment profit include elimination of inter-segment transactions.