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, 2024 Unaudited [IFRS]

November 11, 2024

Company name: Tsubaki Nakashima Co., Ltd.
Stock exchange listing: Tokyo Stock Exchange
Code number: 6464
URL: https://www.tsubaki-nakashima.com/en/
Representative: Itaru Matsuyama, Representative Executive Officer, CEO
Contact: Yoichi Ueda, Executive Officer and Senior EVP, CFO
Phone: +81-6-6224-0193
Availability of supplementary briefing material on financial results: Available
Schedule of financial results briefing session: Scheduled

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

1. Consolidated Financial Results for the Nine months ended September 30, 2024 (January 1, 2024 to September 30, 2024)

(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, 2024	58,323	3.1	2,573	(7.4)	1,583	(41.0)	737	(38.1)
September 30, 2023	56,552	—	2,778	—	2,682	—	1,192	—

	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, 2024	738	(38.1)	2,614	(72.3)	18.54	16.43
September 30, 2023	1,192	—	9,424	—	30.01	29.93

(Note) Effective from the first quarter of the current consolidated accounting period, ball screws and ball ways manufacturing and selling business have been classified as discontinued operations. As a result, sales, operating profit and profit before tax show the amount of continuing operations excluding discontinued operations, and net profit for the period net profit for the period attributable to owners of the parent are the sum of continuing operations and discontinued operations. Please note that the year-on-year consolidated cumulative period has been reclassified in the same way, so the percentage changes from the previous year are not shown.

(Reference) EBITDA: The Nine months ended September 30, 2024: 5,062 million yen (up 2.0%)
The Nine months ended September 30, 2023: 4,963 million yen
EBITDA = Operating profit + depreciation and amortization

(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, 2024	165,771	56,180	56,147	33.9
As of December 31, 2023	166,078	54,142	54,107	32.6

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, 2023	—	13.00	—	0.00	13.00
Fiscal year ending December 31, 2024	—	15.00	—		
Fiscal year ending December 31, 2024 (Forecast)				10.00	25.00

(Note) Revision to the forecast for dividends announced most recently: Yes

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024 (January 1, 2024 to December 31, 2024)

(% indicates changes from the previous corresponding period.)

	Sales		Operating profit		Profit before taxes		Net profit for the period attributable to owners of the parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	75,000	(2.7)	500	(90.0)	(900)	—	(1,700)	—	(42.71)

(Note) Revision to the forecast for dividends announced most recently: Yes

Due to the classification of ball screws and ball ways manufacturing and selling business as discontinued operations, the forecast figures for revenue, operating income, and income before income taxes and percentage change from the prior year have been revised to the forecast for continuing operations, excluding discontinued operations.

*** Notes:**

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes, exclude Tsubaki Steel Ball Co., LTD

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

1) Changes in accounting policies required by IFRS: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

(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, 2024: 41,599,600 shares

December 31, 2023: 41,599,600 shares

2) Total number of treasury shares at the end of the period:

September 30, 2024: 1,760,958 shares

December 31, 2023: 1,871,615 shares

3) Average number of shares during the period:

Nine months ended September 30, 2024: 39,801,021 shares

Nine months ended September 30, 2023: 39,727,985 shares

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

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

(Caution concerning forward-looking statements)

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 Financial Results

(1) Explanation of Business Results

During the nine months ended September 30, 2024, the environment surrounding the Group was affected by negative factors such as factory shutdowns due to natural disasters such as typhoons and earthquakes, serious labor shortages, and rising interest rates, but a gradual recovery has been seen due to the easing of shortages of semiconductors and other parts and a recovery in capital investment demand. On the other hand, the Chinese economy has continued to slow down, and the outlook remains uncertain due to such factors as high raw material prices associated with the protracted situation in Ukraine, growing tensions in the Middle East, and the risk of a slowdown in the U.S. economy causing instability in financial markets.

The Group's interim consolidation financial results for the nine months ended September 30, 2024, are reported primarily from continuing operations, excluding discontinued operations, as ball screws and ball ways manufacturing and selling business have been classified as discontinued operations.

Sales for the nine months ended September 30, 2024 increased 3.1% year on year to 58,323 million yen, due in part to the weak yen, despite a decrease in sales volume in the Precision Components business due to production cuts by some domestic automobile manufacturers, a delayed recovery in demand for general industrial equipment and machine tools, and temporary production suspensions due to the impact of the hurricane in Tennessee, USA.

As for profits, operating profit decreased 7.4% year-on-year to 2,573 million yen, despite the effect of cost improvement activities, due to a decrease in sales volume, the recording of inventory write-off due to a review of inventory management, a time lag in passing raw material prices on to customers, and rising transportation and labor costs. Net profit attributable to owners of the parent decreased 38.1% year-on-year to 738 million yen.

Regarding segment performance, previously there were two reportable segments: "Precision Components Business" and "Linear Business", but ball screws and ball ways manufacturing and selling business in Linear Business have been classified as discontinued operations. Accordingly, starting from the first quarter of the current consolidated accounting period, the "Precision Components Business" has been changed to a reportable segment.

(2) Explanation of Financial Position

Total assets at the end of the nine months ended September 30, 2024, decreased by 307 million yen from the end of the previous fiscal year to 165,771 million yen.

Current assets decreased by 1,070 million yen due to cash and cash equivalents decreased by 2,480 million yen, trade and other receivables decreased by 1,831 million yen and the recording of assets expected to be transferred as assets held for sale of 3,360 million yen following the conclusion of a share transfer agreement for the transfer of ball screws and ball ways manufacturing and selling business.

In addition, noncurrent assets increased by 763 million yen because property, plant and equipment increased by 458 million yen due to capital investment, and other noncurrent assets increased by 316 million yen.

Total liabilities decreased by 2,345 million yen from the end of the previous fiscal year to 109,591 million yen. This was due to a decrease in trade and other payables of 1,620 million and bonds and borrowings of 540 million yen.

Total equity increased by 2,038 million yen from the end of the previous fiscal year to 56,180 million yen. This was mainly due to an increase in other components of equity, such as foreign currency translation adjustments of 1,683 million yen.

(Analysis of Status of Cash Flows)

The status of cash flows for each activity and their factors during the nine months ended September 30, 2024, are as follows.

Net cash provided by operating activities amounted to 1,999 million yen. Major factors of cash increase included

profit before taxes of 1,583 million yen, depreciation and amortization of 2,498 million yen, and a decrease in trade and other receivables of 2,211 million yen, while major factors of cash decrease included a decrease in trade and other payables of 1,761 million yen, and income taxes paid of 1,913 million yen.

Net cash used in investing activities amounted to 2,606 million yen, mainly due to purchase of property, plant and equipment.

Net cash used in financing activities amounted to 1,817 million yen, mainly due to incomes of long-term loans and borrowings of 3,960 million yen, which offset repayments of short-term loans and borrowings of 5,000 million yen.

After adding the translation adjustments of 279 million yen due mainly to the appreciation of the U.S. dollar and euro during the period, cash and cash equivalents at the end of the nine months ended September 30, 2024, totaled 20,858 million yen, a decrease of 2,145 million yen from the end of the previous fiscal year.

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

We have revised the consolidated financial results forecast announced on May 13, 2024, and the year-end dividend forecast announced on August 9, 2024, considering recent business performance trends and other factors. For details, please refer to the "Notice of Revisions to Earnings Forecast and Dividend Forecast FY2024" released today.

2. Summary Information (Notes)

(1) Changes in significant subsidiaries during the period

Effective from the first quarter of the current consolidated accounting period, Tsubaki Steel Ball Co., LTD., which is wholly owned by the Company, has been excluded from the scope of consolidation because they disappeared due to an absorption-type merger with the Company as the continuing company.

(2) Changes in accounting policies and accounting estimates

The accounting policies of materiality applied in the Group's condensed interim consolidated financial statements are the same as those applied in the consolidated financial statements for the previous fiscal year.

3. Condensed Interim Consolidated Financial Statements

(1) Condensed Interim Consolidated Statements of Financial Position

(Millions of yen)

	As of December 31, 2023	As of September 30, 2024
Assets		
Current assets		
Cash and cash equivalents	23,003	20,523
Trade and other receivables, net	22,589	20,758
Inventories	36,936	36,621
Other current assets	1,697	1,893
Subtotal	84,225	79,795
Assets held for sale	-	3,360
Total current assets	84,225	83,155
Non-current assets		
Property, plant and equipment, net	34,226	34,684
Intangible assets, net and goodwill	39,631	39,554
Other investments	259	263
Deferred tax assets	2,690	2,752
Other non-current assets	5,047	5,363
Total non-current assets	81,853	82,616
Total assets	166,078	165,771
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	6,949	5,329
Current portion of borrowings	15,974	11,259
Income taxes payable	1,685	1,590
Other current liabilities	7,428	7,195
Subtotal	32,036	25,373
Liabilities directly associated with assets held for sale	-	751
Total current liabilities	32,036	26,124
Non-current liabilities		
Bonds and borrowings, excluding current portion	74,383	78,558
Net defined benefit liability	2,256	1,941
Deferred tax liabilities	1,403	1,382
Other non-current liabilities	1,858	1,586
Total non-current liabilities	79,900	83,467
Total liabilities	111,936	109,591
Equity		
Share capital	17,117	17,117
Capital surplus	11,617	11,321
Treasury stock	(2,616)	(2,298)
Other components of equity	12,780	14,463
Other components of equity related to the disposal group held for sale	-	195
Retained earnings	15,209	15,349
Equity attributable to owners of the parent	54,107	56,147
Non-controlling interests	35	33
Total equity	54,142	56,180
Total liabilities and equity	166,078	165,771

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

(Millions of yen)

	For the Nine months ended September 30, 2023	For the Nine months ended September 30, 2024
Continued operations		
Sales	56,552	58,323
Cost of sales	46,202	49,447
Gross profit	10,350	8,876
Selling, general and administrative expenses	5,779	6,227
Other income	73	178
Other expenses	1,866	254
Operating profit	2,778	2,573
Financial income	807	309
Financial expenses	903	1,299
Profit before taxes	2,682	1,583
Income tax expense	1,510	809
Net profit for the period of continued operations	1,172	774
Discontinued operations		
Net profit (loss) for the period of discontinued operations	20	(37)
Net profit for the period	1,192	737
Net profit for the period attributable to.		
Owners of the parent	1,192	738
Non-controlling interests	0	(1)
Net profit for the period	1,192	737
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at FVOCI	26	7
Total items that will not be reclassified to profit or loss	26	7
Items that may subsequently be reclassified to profit or loss		
Foreign currency translation differences	8,268	1,732
Cash flow hedges	(16)	143
Hedge costs	(46)	(5)
Total items that may subsequently be reclassified to profit or loss	8,206	1,870
Other comprehensive income, net of tax	8,232	1,877
Total comprehensive income	9,424	2,614
Total comprehensive income attributable to.		
Owners of the parent	9,421	2,616
Non-controlling interests	3	(2)
Total comprehensive income	9,424	2,614

	For the Nine months ended September 30, 2023	For the Nine months ended September 30, 2024
Earnings per share attributable to owners of the parent		
Basic earnings (loss) per share (yen)		
Continuing operation	29.49	19.45
Discontinued operation	0.52	(0.91)
Basic earnings per share	30.01	18.54
Diluted earnings (loss) per share (yen)		
Continuing operation	29.41	17.09
Discontinued operation	0.52	(0.66)
Diluted earnings per share	29.93	16.43

(3) Condensed Interim Consolidated Statements of Changes in Equity

For the Nine months ended September 30, 2023

(Millions of yen)

	Equity attributable to owners of the parent						
				Other components of equity			
	Share capital	Capital surplus	Treasury stock	Stock acquisition rights	Financial assets measured at FVOCI	Foreign currency translation differences	Cash flow hedges
Balance as of January 1, 2023	17,117	11,519	(2,616)	0	(3)	6,381	(154)
Net profit for the period	—	—	—	—	—	—	—
Other comprehensive income (loss), net of tax	—	—	—	—	26	8,265	(16)
Total comprehensive Income (loss)	—	—	—	—	26	8,265	(16)
Dividends	—	—	—	—	—	—	—
Stock-based rewards	—	73	—	—	—	—	—
Expiration of stock acquisition rights	—	—	—	(0)	—	—	—
Total transactions with owners and other	—	73	—	(0)	—	—	—
Balance as of September 30, 2023	17,117	11,592	(2,616)	0	23	14,646	(170)

	Equity attributable to owners of the parent				Non-controlling interests	Total equity
	Other components of equity		Retained earnings	Total		
	Hedge cost	Total				
Balance as of January 1, 2023	201	6,425	17,651	50,096	35	50,131
Net profit for the period	—	—	1,192	1,192	0	1,192
Other comprehensive income (loss), net of tax	(46)	8,229	—	8,229	3	8,232
Total comprehensive income (loss)	(46)	8,229	1,192	9,421	3	9,424
Dividends	—	—	(1,192)	(1,192)	—	(1,192)
Stock-based rewards	—	—	—	73	—	73
Expiration of stock acquisition rights	—	(0)	—	(0)	—	(0)
Total transactions with owners and other	—	(0)	(1,192)	(1,119)	—	(1,119)
Balance as of September 30, 2023	155	14,654	17,651	58,398	38	58,436

For the Nine months ended September 30, 2024

(Millions of yen)

	Equity attributable to owners of the parent						
				Other components of equity			
	Share capital	Capital surplus	Treasury stock	Stock acquisition rights	Financial assets measured at FVOCI	Foreign currency translation differences	Cash flow hedge
Balance as of January 1, 2024	17,117	11,617	(2,616)	0	22	12,774	(191)
Net profit for the period	—	—	—	—	—	—	—
Other comprehensive income (loss), net of tax	—	—	—	—	7	1,733	143
Total comprehensive Income (loss)	—	—	—	—	7	1,733	143
Dividends	—	—	—	—	—	—	—
Disposition of treasury stock	—	—	318	—	—	—	—
Stock-based rewards	—	(296)	—	—	—	—	—
Expiration of stock acquisition rights	—	—	—	(0)	—	—	—
Other components of equity related to discontinued operation for sale	—	—	—	—	—	(195)	—
Total transactions with owners and other	—	(296)	318	(0)	—	(195)	—
Balance as of September 30, 2024	17,117	11,321	(2,298)	0	29	14,312	(48)

	Equity attributable to owners of the parent					Non-controlling interests Total	Total equity
	Other components of equity		Other components of equity related to discontinued operation for sale	Retained earnings	Total		
	Hedge cost	Total					
Balance as of January 1, 2024	175	12,780	—	15,209	54,107	35	54,142
Net profit for the period	—	—	—	738	738	(1)	737
Other comprehensive income (loss), net of tax	(5)	1,878	—	—	1,878	(1)	1,877
Total comprehensive income (loss)	(5)	1,878	—	738	2,616	(2)	2,614
Dividends	—	—	—	(598)	(598)	—	(598)
Disposition of treasury stock	—	—	—	—	318	—	318
Stock-based rewards	—	—	—	—	(296)	—	(296)
Expiration of stock acquisition rights	—	(0)	—	—	(0)	—	(0)
Other components of equity related to discontinued operation for sale	—	(195)	195	—	—	—	—
Total transactions with owners and other	—	(195)	195	(598)	(576)	—	(576)
Balance as of September 30, 2024	170	14,463	195	15,349	56,147	33	56,180

(4) Condensed Interim Consolidated Statements of Cash Flows

(Millions of yen)

	For the Nine months ended September 30, 2023	For the Nine months ended September 30, 2024
Cash flows from operating activities		
Profit before taxes	2,682	1,583
Profit (loss) before taxes from discontinued operation	24	(54)
Depreciation and amortization	2,358	2,498
Increase (decrease) in net defined benefit liability	(110)	109
Interest and dividend income	(84)	(188)
Interest expense	850	1,107
Foreign exchange losses (gains)	(661)	(273)
(Gains) losses on sale of fixed assets	(21)	(77)
Decrease (increase) in trade and other receivables	(80)	2,211
Decrease (increase) in inventories	(1,275)	(562)
(Decrease) increase in trade and other payables	(1,787)	(1,761)
Other, net	(646)	127
Sub Total	1,250	4,720
Interest received	80	188
Dividend received	4	—
Interest paid	(733)	(996)
Income taxes paid	(1,500)	(1,913)
Net cash provided by (used in) operating activities	(899)	1,999
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment	(3,200)	(2,628)
Proceeds from sale of property, plant and equipment	45	79
Payments for acquisition of intangible properties	(23)	(55)
Payments for acquisition of subsidiaries	(239)	—
Other, net	0	(2)
Net cash provided by (used in) investing activities	(3,417)	(2,606)
Cash flows from financing activities		
Incomes of short-term loans and borrowings	3,000	—
Repayments of short-term loans and borrowings	(3,121)	(5,000)
Incomes of long-term loans and borrowings	—	3,960
Repayments of long-term loans and borrowings	(5,000)	—
Payments of lease liabilities	(263)	(253)
Cash dividends paid	(1,143)	(566)
Proceeds from sales of treasury stock	—	42
Net cash provided by (used in) financing activities	(6,527)	(1,817)
Effect of exchange rate changes on cash and cash equivalents	1,154	279
Net (decrease) increase in cash and cash equivalents	(9,689)	(2,145)
Cash and cash equivalents at the beginning of the period	24,119	23,003
Increase in cash and cash equivalents from newly consolidated subsidiary	46	—
Cash and cash equivalents at the end of the period	14,476	20,858

Significant events regarding premise of a going concern

Not Applicable

Operating Segments

1. General information

(1) Basis of segmentation

The Group is composed of segments by product and service and there is "Precision component business" as reporting segments. The "Precision component business" segment engages in manufacturing and sales of several types of steel balls, rollers, cages and sheet metal parts.

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.

At our Board of Directors meeting held on February 9, 2024, it has resolved to enter into an agreement as of same day (the "Share Purchase Agreement") to transfer all shares in TN Linear Motion Co., Ltd. ("NewCo"), a new company to be incorporated through a company split (simplified incorporation-type company split) by having NewCo succeed to the Company's ball screws and ball ways manufacturing and selling business as well as the shares of the Company's subsidiary TN TAIWAN CO., LTD. ("TJT"), effectively making TJT a subsidiary of NewCo (and a sub subsidiary of the Company), to MINEBEA MITSUMI Inc.("MINEBEA MITSUMI"). The Share Transfer is scheduled to take effect on December 10, 2024, pursuant to the Share Purchase Agreement.

In addition, the Board of Directors of the Company approved on September 18, 2024 the execution of an amendment agreement of the Share Purchase Agreement (the "Amendment Agreement") as of the same date, under which (i) the scheduled Incorporation-Type Company Spilt shall be canceled, (ii) the Company shall incorporate NewCo, a new company wholly-owned by the Company in preparation for the company split, which would carry on the Target Business and receive the shares of TJT, a subsidiary of the Company, resulting in TJT becoming a subsidiary of NewCo (and a sub-subsidiary of the Company) through a company split (simplified absorption-type company split), and (iii) the Company shall transfer all of its shares in NewCo to MINEBEA MITSUMI. The Share Transfer is scheduled to take effect on December 10, 2024, pursuant to the Share Purchase Agreement and the Amendment Agreement.

As a result of this transaction, ball screws and ball ways manufacturing and selling business are classified and disclosed as discontinued operations from the first quarter of the fiscal year ending December 2024 and previously there were two reportable segments: "Precision Components Business" and "Linear Business" but starting from the first quarter of the current consolidated accounting period, the "Precision Components Business" has been a solo reportable segment. The numbers for the nine months ended September 30, 2023, have been updated based on reporting segment which has been changed from this current first quarter.

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 is determined on an arm's length basis.

(2) Segment Information

For the Nine months ended September 30, 2023

(Millions of yen)

	Reporting Segments	Other business	Total	Reconciling items	Consolidated financial statements
	Precision component business				
Sales					
External sales	56,069	483	56,552	—	56,552
Inter-segment sales	2	22	24	(24)	—
Total consolidated sales	56,071	505	56,576	(24)	56,552
Segment profit	2,732	48	2,780	(2)	2,778
			Financial income		807
			Financial expense		(903)
			Profit before taxes		2,682

(Note) The "Other business" category is a business segment that is not included in the reporting segments and includes real estate rentals and blower sales and manufacturing business. Reconciling items to segment profit include elimination of inter-segment transactions.

For the Nine months ended September 30, 2024

(Millions of yen)

	Reporting Segments	Other business	Total	Reconciling items	Consolidated financial statements
	Precision component business				
Sales					
External sales	57,691	632	58,323	—	58,323
Inter-segment sales	27	2	29	(29)	—
Total consolidated sales	57,718	634	58,352	(29)	58,323
Segment profit (loss)	2,404	170	2,574	(1)	2,573
			Financial income		309
			Financial expense		(1,299)
			Profit before taxes		1,583

(Note) The "Other business" category is a business segment that is not included in the reporting segments and includes real estate rentals and blower sales and manufacturing business. Reconciling items to segment profit include elimination of inter-segment transactions.