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 fiscal year ended December 31, 2024 Unaudited [IFRS]

February 17, 2025

Company name: Tsubaki Nakashima Co., Ltd.
Stock exchange listing: Tokyo Stock Exchange
Code number: 6464
URL: http://www.tsubaki-nakashima.com/en/
Representative: Itaru Matsuyama, Representative Executive Officer, CEO
Contact: Yoichi Ueda, Executive Officer, Senior EVP, CFO
Phone: +81-6-6224-0193
Date of the ordinary general shareholder's meeting March 25, 2025
Payment date of cash dividend March 26, 2025
Filing date of securities report March 26, 2025
Availability of supplementary briefing material on financial results: Available
Schedule of financial results briefing session: Available (For institutional investors and securities analysts)

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

1. Consolidated Financial Results for the fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

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

	Sales		Operating profit		Profit before taxes		Net profit for the period		Net profit for the period attributable to owners of the parent		Total comprehensive income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Dec. 31, 2024	75,921	(1.5)	814	(83.8)	1,747	(59.1)	912	—	912	—	7,946	55.6
Dec. 31, 2023	77,085	—	5,018	—	4,267	—	(1,289)	—	(1,287)	—	5,105	—

	Basic earnings per share	Diluted earnings per share	Return on equity (ROE)	Profit before taxes/Total assets	Operating profit margin
	Yen	Yen	%	%	%
Dec. 31, 2024	22.91	(2.12)	1.6	1.0	1.1
Dec. 31, 2023	(32.38)	(29.44)	(2.5)	2.6	6.5

(Note) From the current fiscal year, the manufacturing and sales business of ball screws and ball ways has been classified as a discontinued operation. As a result, revenue, operating profit, and profit before tax are presented as amounts excluding discontinued operations, while net profit and net profit attributable to owners of the parent are presented as the total of both continuing and discontinued operations. The figures for the previous fiscal year have also been reclassified accordingly, and therefore, the year-over-year percentage changes are not provided.

(Reference) EBITDA: Fiscal year ended December 31, 2024: 4,058 million yen (down 49.2%)
Fiscal year ended December 31, 2023: 7,983 million yen
EBITDA = Operating profit + depreciation and amortization + impairment loss

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity per share attributable to owners of the parent
	Million yen	Million yen	Million yen	%	Yen
As of Dec. 31, 2024	174,721	61,508	61,472	35.2	1,543.02
As of Dec. 31, 2023	166,078	54,142	54,107	32.6	1,361.91

(3) Consolidated Cash flows

	Cash flows from Operating Activities	Cash flows from Investing Activities	Cash flows from Financing Activities	Cash and cash equivalents at the end of the period
	Million yen	Million yen	Million yen	Million yen
Dec. 31, 2024	4,873	(3,800)	(1,906)	23,334
Dec. 31, 2023	1,405	(4,895)	1,394	23,003

2. Dividends

	Annual dividends					Dividend amount (Total)	Payout ratio (Consolidated)	Dividend/ Equity attributable to owners of the parent
	1st Quarter -end	2nd Quarter -end	3rd Quarter -end	Year -end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Dec. 31, 2023	—	13.00	—	0.00	13.00	518	—	1.0
Fiscal year ended Dec. 31, 2024	—	15.00	—	10.00	25.00	997	109.1	1.7
Fiscal year ending Dec. 31, 2025 (Forecast)	—	0.00	—	0.00	0.00		0.0	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2025 (January 1, 2025 to December 31, 2025)

(% 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	71,500	(5.8)	1,000	22.9	(600)	—	(800)	—	(20.10)

We do not provide an interim forecast, which is difficult to reasonably calculate because the Group's business performance is affected by the automobile, machine tool, and other industries, but only a full-year forecast.

*** 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):

December 31, 2024: 41,599,600 shares

December 31, 2023: 41,599,600 shares

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

December 31, 2024: 1,760,958 shares

December 31, 2023: 1,871,615 shares

3) Average number of shares during the period:

Twelve months ended December 31, 2024: 39,810,477 shares

Twelve months ended December 31, 2023: 39,727,985 shares

(Reference) Non-Consolidated Financial Results for the fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

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

	Sales		Operating profit		Ordinary profit		Net profit for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Dec. 31, 2024	15,311	19.5	(2,809)	—	(398)	—	3,297	—
Dec. 31, 2023	12,816	(1.0)	(1,957)	—	488	(62.7)	(1,155)	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Dec. 31, 2024	82.83	59.63
Dec. 31, 2023	(29.09)	(29.09)

(2) Financial Position

	Total assets	Total equity	Ratio of equity	Equity per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2024	169,283	31,196	18.4	782.33
As of Dec. 31, 2023	125,394	27,970	22.3	703.31

(Reference) Shareholders' equity: Fiscal year ended December 31, 2024: 31,166 million yen
Fiscal year ended December 31, 2023: 27,940 million yen

*These financial results are outside the scope of audit 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. Please refer to "1. (4) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" on page 7 of the attached materials for details regarding the above forecasts.

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1. Qualitative Information on Financial Results

(1) Explanation of Business Results

During the current consolidated fiscal year, the economic environment varied by region. In the United States, the economy remained strong, supported by solid consumer spending and capital investment. In contrast, while inflation was stabilizing in Europe, the challenging conditions surrounding the manufacturing sector persisted, leading to stagnation in the Eurozone economy. In China, exports remained steady; however, the prolonged real estate downturn created a sense of stagnation in economic recovery. In Japan, although the economy experienced temporary slowdowns due to natural disasters such as typhoons and earthquakes, severe labor shortages, and production cutbacks by certain automobile manufacturers, it showed a gradual recovery driven by improvements in employment and income conditions as well as an increase in inbound demand.

For the Group's financial performance, due to the classification of the ball screw and ball way manufacturing and sales business as a discontinued operation, the reported figures primarily reflect continuing operations, excluding discontinued operations.

Sales for the fiscal year amounted to 75,921 million yen, representing a 1.5% decrease year-on-year. While the depreciation of the yen contributed positively, it was affected by stagnation in the European economy, production cutbacks by certain Japanese automobile manufacturers, delayed recovery in demand for general industrial equipment and machine tools, and temporary production stoppages due to the impact of a hurricane in Tennessee, USA.

Regarding the profits, operating profit declined by 83.8% year-on-year to 814 million yen. This was due to decreased sales, inventory valuation losses from a review of inventory management, a time lag in passing on rising raw material costs, and increased costs for transportation, labor, and recruitment. While cost improvement activities were implemented and had some effect, they were insufficient to offset the negative factors.

Net profit attributable to owners of the parent company increased by 1,976 million yen year-on-year to 912 million yen, supported by financial income from derivative valuation gains related to convertible bonds and stock acquisition rights, as well as foreign exchange gains.

We have re-classified the Precision Components Business and the Blower & Real Estate Business as reportable segments. Previously, segment performance was reported as follows: Precision Components Business and Linear Business. However, as the ball screw and ball way manufacturing and sales operations of the Linear Business have been classified as discontinued operations, we have changed the reportable segments starting this fiscal year.
The Blower & Real Estate Business was previously classified under Linear Business and "Others", but due to its increased quantitative significance, it has been designated as a reportable segment starting this fiscal year.

<Results by Business Segment >

Precision Components Business

Sales for the Precision Components Business decreased by 1.1% year-on-year to 75,102 million yen, despite the positive impact of a weaker yen. This decline was primarily due to the stagnation of the European economy, production cuts by certain domestic automakers, sluggish demand recovery in general industrial machinery and machine tools, and temporary production stoppages caused by a hurricane in Tennessee, USA. Segment profit fell 86.8% year-on-year to 632 million yen, as ongoing cost improvement initiatives yielded positive effects. However, profit was adversely impacted by sales declines, inventory valuation losses from inventory management reviews, time lags in passing on higher raw material costs, and rising expenses for logistics, labor, and recruitment.

Blower & Real Estate Business

Sales for the Blower & Real Estate Business decreased 29.1% year-on-year to 819 million yen, mainly due to a lower volume of large orders. Segment profit declined 15.4% year-on-year to 181 million yen, primarily due to lower sales.

(2) Explanation of Financial Position

Total assets at the end of the current fiscal year increased by 8,643 million yen from the end of the previous fiscal year to 174,721 million yen. While trade and other receivables decreased by 1,904 million yen, current assets increased by 738 million yen, mainly due to the classification of 3,450 million yen of assets as "assets held for sale" following the conclusion of a stock transfer agreement related to the sale of the ball screw and ball way manufacturing and sales business. Additionally, non-current assets increased by 7,905 million yen, primarily due to an increase of 2,469 million yen in property, plant, and equipment through capital investment, an increase of 1,880 million yen in intangible assets, and an increase of 3,157 million yen in other non-current assets.

Total liabilities increased by 1,277 million yen from the end of the previous fiscal year to 113,213 million yen. While trade and other payables decreased by 583 million yen, this was offset by an increase of 2,293 million yen in bonds and borrowings due to the impact of exchange rates, etc.

Total equity increased by 7,366 million yen from the end of the previous fiscal year to 61,508 million yen. This was mainly due to an increase of 6,831 million yen in other components of equity, including foreign currency translation adjustments.

(3) Analysis of Status of Cash Flows

The cash flow status and factors for each activity during the current fiscal year are as follows.

Net cash provided by operating activities amounted to 4,873 million yen. Major cash inflows included 1,747 million yen in profit before tax, 3,257 million yen in depreciation and amortization, and a 3,286 million yen decrease in trade and other receivables. On the other hand, major cash outflows included a 1,039 million yen decrease in trade and other payables, 1,783 million yen in foreign exchange gains, and 2,030 million yen in income taxes paid.

Net cash used in investing activities amounted to 3,800 million yen, mainly due to payments for the acquisition of property, plant, and equipment.

Net cash used in financing activities amounted to 1,906 million yen. While there was a cash outflow of 5,000 million yen for the repayment of short-term borrowings, this was partially offset by a cash inflow of 3,960 million yen from long-term borrowings.

Adding the effect of a 1,164 million yen translation difference, primarily due to the appreciation of the US dollar and the Euro during the period, cash and cash equivalents at the end of the fiscal year increased by 331 million yen from the previous fiscal year-end, totaling 23,334 million yen.

(Reference) Cash flow-related financial indicators

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Ratio of equity attributable to owners of the parent (%)	32.6	35.2
Ratio of equity attributable to owners of the parent at market value (%)	17.5	10.8
Ratio of interest-bearing liabilities to cash flows (%)	6,502.1	1,921.8
Interest coverage ratio (times)	1.2	3.3

Ratio of equity attributable to owners of the parent: Equity attributable to owners of the parent / Total assets
Ratio of equity attributable to owners of the parent at market value: Market capitalization / Total assets
Ratio of interest-bearing liabilities to cash flows: Interest-bearing liabilities / Cash flows
Interest coverage ratio: Cash flows / Interest expense
Notes:
1. All the above indicators are calculated using consolidated financial figures under IFRS.
2. Market capitalization is calculated based on the total number of issued shares excluding treasury stock.
3. Cash flows refers to cash flows from operating activities.
4. Interest-bearing liabilities cover all liabilities bearing interest recorded in the consolidated statement of financial position.

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

The Group's business performance is affected by the automobile, machine tool, and other industrial sectors, which are its main customers. Additionally, as the Group converts its financial results into Japanese yen for consolidated accounting purposes, it is subject to foreign exchange fluctuations.

For the fiscal year ending December 31, 2025, the global economy is expected to experience significant fluctuations in growth rates due to rising geopolitical risks. In particular, Europe is anticipated to continue facing challenging market conditions, following a difficult 2024. Furthermore, in the ball bearing market, which is a key sector for the Group's major customers, competition for market share and pricing is expected to intensify further with competitors based in China and India.

Under these circumstances, sales for the fiscal year are expected to decrease to 71.5 billion yen, while operating profit is forecasted to be 1.0 billion yen. On the profit front, a loss before tax of 0.6 billion yen is expected, and net loss attributable to owners of the parent company is forecasted to be 0.8 billion yen.

As the economic outlook remains uncertain, an interim earnings forecast has not been provided, and only a full-year forecast is presented. The assumed exchange rates used in the forecast are 140 yen per USD, 154 yen per EUR, and 20.3 yen per CNY.

(5) Basic Policy for Profit Distribution and Dividends for the Current and Next Fiscal Year

The Company intends to make decisions on shareholder returns to maintain long-term financial stability and achieve sustainable growth.

For the fiscal year ended December 31, 2024, based on the Company's financial performance, and as announced on November 11, 2024, the year-end dividend is planned to be 10 yen per share, bringing the total annual dividend to 25 yen per share, including the interim dividend of 15 yen per share.

Additionally, the Company has formulated a medium-term management plan covering the five-year period from the fiscal year ending December 31, 2025, to the fiscal year ending December 31, 2029. Amid intensified competition and a sluggish market, the Company has experienced significant declines in profitability and continued failure to achieve its earnings targets. Given these circumstances, the Company recognizes that simply extending past strategies will not be sufficient to restore profitability to previous levels. Instead, it is essential to implement a fundamental transformation of the business and cost structure to establish a framework for generating cash flow.

In the first half of the medium-term management plan period, the Company will focus on implementing cost and growth strategies and generating cash flow, positioning this phase as a foundation-building period for future growth and higher profitability. In the second half, the Company aims to reap the benefits of these initiatives, significantly improve profitability, and secure operating cash flow for shareholder returns.

Based on the above approach, the Company has decided not to pay dividends for the fiscal year ending December 31, 2025, and instead allocate resources for shareholder returns from 2026 onward.

2. Basic idea on selection of accounting standards

We adopt International Financial Reporting Standards (IFRS) from the fiscal year ended December 31, 2014 for the purpose of improving international comparability of financial statements on the capital market and unifying accounting treatment within the group.

3. Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	23,003	23,060
Trade and other receivables, net	22,589	20,685
Inventories	36,936	36,078
Other current assets	1,697	1,690
Subtotal	84,225	81,513
Assets held for sale	—	3,450
Total current assets	84,225	84,963
Non-current assets		
Property, plant and equipment, net	34,226	36,695
Intangible assets, net and goodwill	39,631	41,511
Other investments	259	251
Deferred tax assets	2,690	3,097
Other non-current assets	5,047	8,204
Total non-current assets	81,853	89,758
Total assets	166,078	174,721
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	6,949	6,366
Current portion of borrowings	15,974	11,356
Income taxes payable	1,685	1,787
Other current liabilities	7,428	6,459
Subtotal	32,036	25,968
Liabilities directly associated with assets held for sale	—	780
Total current liabilities	32,036	26,748
Non-current liabilities		
Bonds and borrowings, excluding current portion	74,383	81,294
Net defined benefit liability	2,256	2,176
Deferred tax liabilities	1,403	1,409
Other non-current liabilities	1,858	1,586
Total non-current liabilities	79,900	86,465
Total liabilities	111,936	113,213
Equity		
Share capital	17,117	17,117
Capital surplus	11,617	11,317
Treasury stock	(2,616)	(2,298)
Other components of equity	12,780	19,611
Other components of equity related to disposal groups classified as held for sale	—	239
Retained earnings	15,209	15,486
Equity attributable to owners of the parent	54,107	61,472
Non-controlling interests	35	36
Total equity	54,142	61,508
Total liabilities and equity	166,078	174,721

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

(Millions of yen)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Continuing Operations		
Sales	77,085	75,921
Cost of sales	62,813	65,403
Gross profit	14,272	10,518
Selling, general and administrative expenses	7,499	9,354
Other income	191	198
Other expenses	1,946	548
Operating profit (loss)	5,018	814
Financial income	517	2,493
Financial expenses	1,268	1,560
Profit before taxes (loss)	4,267	1,747
Income tax expense	1,409	647
Net profit for the period (loss)	2,858	1,100
Discontinued Operations		
Net loss from discontinued operations	(4,147)	(188)
Net income for the period	(1,289)	912
Attributable to:		
Owners of the parent	(1,287)	912
Non-controlling interests	(2)	(0)
Net income for the period (loss)	(1,289)	912
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at FVOCI	25	(17)
Remeasurements of defined benefit plans	37	(37)
Total items that will not be reclassified to profit or loss	62	(54)
Items that may subsequently be reclassified to profit or loss		
Foreign currency translation differences	6,395	6,863
Cash flow hedges	(37)	327
Hedge costs	(26)	(102)
Total items that may subsequently be reclassified to profit or loss	6,332	7,088
Other comprehensive income, net of tax	6,394	7,034
Total comprehensive income	5,105	7,946
Total comprehensive income attributable to.		
Owners of the parent	5,105	7,945
Non-controlling interests	(0)	1
Total comprehensive income	5,105	7,946
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)		

Continuing operations	71.93	27.64
Discontinued operations	(104.31)	(4.73)
Total basic earnings per share(yen)	(32.38)	22.91
Diluted earnings per share (yen)		
Continuing operations	47.98	1.29
Discontinued operations	(77.42)	(3.41)
Total diluted earnings per share(yen)	(29.44)	(2.12)

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended December 31, 2023

(Millions of yen)

	Equity attributable to owners of the parent						
				Other components equity			
	Share capital	Capital surplus	Treasury stock	Share acquisition rights	Financial assets measured at FVOCI	Remeasurements of defined benefit plans	Foreign currency translation differences
Balance as of January 1, 2023	17,117	11,519	(2,616)	0	(3)	—	6,381
Net income for the period	—	—	—	—	—	—	—
Other comprehensive income (loss), net of tax	—	—	—	—	25	37	6,393
Total comprehensive Income (loss)	—	—	—	—	25	37	6,393
Issuance of new shares	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—
Purchase of treasury Stock	—	—	—	—	—	—	—
Disposition of treasury stock	—	—	—	—	—	—	—
Stock-based rewards	—	98	—	—	—	—	—
Expiry of share options	—	—	—	(0)	—	—	—
Transfer to retained earnings	—	—	—	—	—	(37)	—
Total transactions with owners and other	—	98	—	(0)	—	(37)	—
Balance as of December 31, 2023	17,117	11,617	(2,616)	0	22	—	12,774

(Millions of yen)

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components equity			Retained earnings	Total		
	Cash flow hedge	Hedge costs	Total				
Balance as of January 1, 2023	(154)	201	6,425	17,651	50,096	35	50,131
Net income for the period	—	—	—	(1,287)	(1,287)	(2)	(1,289)
Other comprehensive income (loss), net of tax	(37)	(26)	6,392	—	6,392	2	6,394
Total comprehensive income (loss)	(37)	(26)	6,392	(1,287)	5,105	(0)	5,105
Issuance of new shares	—	—	—	—	—	—	—
Dividends	—	—	—	(1,192)	(1,192)	—	(1,192)
Purchase of treasury Stock	—	—	—	—	—	—	—
Disposition of treasury stock	—	—	—	—	—	—	—
Stock-based rewards	—	—	—	—	98	—	98
Expiry of share options	—	—	(0)	—	(0)	—	(0)
Transfer to retained earnings	—	—	(37)	37	—	—	—
Total transactions with owners and other	—	—	(37)	(1,155)	(1,094)	—	(1,094)

Balance as of December 31, 2023	(191)	175	12,780	15,209	54,107	35	54,142

For the fiscal year ended December 31, 2024

(Millions of yen)

	Equity attributable to owners of the parent						
				Other components equity			
	Share capital	Capital surplus	Treasury stock	Share acquisition rights	Financial assets measured at FVOCI	Remeasurements of defined benefit plans	Foreign currency translation differences
Balance as of January 1, 2024	17,117	11,617	(2,616)	0	22	—	12,774
Net income for the period	—	—	—	—	—	—	—
Other comprehensive income (loss), net of tax	—	—	—	—	(17)	(37)	6,862
Total comprehensive Income (loss)	—	—	—	—	(17)	(37)	6,862
Issuance of new shares	—	—	—	—	—	—	—
Dividends	—	—	—	—	—	—	—
Purchase of treasury Stock	—	—	—	—	—	—	—
Disposition of treasury stock	—	—	318	—	—	—	—
Stock-based rewards	—	(300)	—	—	—	—	—
Other components of equity related to disposal groups classified as held for sale	—	—	—	—	—	—	(239)
Expiry of share options	—	—	—	(0)	—	—	—
Transfer to retained earnings	—	—	—	—	—	37	—
Total transactions with owners and other	—	(300)	318	(0)	—	37	(239)
Balance as of December 31, 2024	17,117	11,317	(2,298)	—	5	—	19,397

(Millions of yen)

	Equity attributable to owners of the parent							
	Other components equity							
	Cash flow hedge	Hedge costs	Total	Other components of equity related to disposal groups classified as held for sale	Retained earnings	Total	Non-controlling interests	Total equity
Balance as of January 1, 2024	(191)	175	12,780	—	15,209	54,107	35	54,142
Net income for the period	—	—	—	—	912	912	(0)	912
Other comprehensive income (loss), net of tax	327	(102)	7,033	—	—	7,033	1	7,034
Total comprehensive income (loss)	327	(102)	7,033	—	912	7,945	1	7,946
Issuance of new shares	—	—	—	—	—	—	—	—

Dividends	—	—	—	—	(598)	(598)	—	(598)
Purchase of treasury Stock	—	—	—	—	—	—	—	—
Disposition of treasury stock	—	—	—	—	—	318	—	318
Stock-based rewards	—	—	—	—	—	(300)	—	(300)
Other components of equity related to disposal groups classified as held for sale	—	—	(239)	239	—	—	—	—
Expiry of share options	—	—	(0)	—	—	(0)	—	(0)
Transfer to retained earnings	—	—	37	—	(37)	—	—	—
Total transactions with owners and other	—	—	(202)	239	(635)	(580)	—	(580)
Balance as of December 31, 2024	136	73	19,611	239	15,486	61,472	36	61,508

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Cash flows from operating activities		
Profit before taxes (loss)	4,267	1,747
Net profit (loss) before tax from discontinued operations	(4,154)	(187)
Depreciation and amortization	3,189	3,257
Impairment losses	3,423	99
Increase (decrease) in net defined benefit liability	(134)	344
Interest and dividend income	(121)	(242)
Interest expense	1,189	1,460
Foreign exchange losses (gains)	(48)	(1,783)
(Gains) losses on sale of fixed assets	(30)	(20)
Decrease (increase) in trade and other receivables	(392)	3,286
Decrease (increase) in inventories	364	1,766
(Decrease) increase in trade and other payables	(1,651)	(1,039)
Other, net	(1,877)	(566)
Subtotal	4,025	8,122
Interest received	121	242
Interest paid	(1,173)	(1,461)
Income taxes paid	(1,568)	(2,030)
Net cash provided (used) in operating activities	1,405	4,873
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment	(4,720)	(3,708)
Proceeds from sale of property, plant and equipment	68	32
Payments for acquisition of intangible assets	(58)	(123)
Payments for acquisition of subsidiaries	(185)	―
Other, net	(0)	(1)
Net cash used in investing activities	(4,895)	(3,800)
Cash flows from financing activities		
Proceeds from short-term loans and borrowings	3,000	―
Repayments of short-term loans and borrowings	(3,126)	(5,000)
Proceeds from long-term loans and borrowings	―	3,960
Repayments of long-term loans and borrowings	(7,000)	―
Proceeds from issuance of convertible bonds	10,020	―
Payments of lease liabilities	(383)	(339)
Proceeds from issuance of share acquisition rights	29	―
Cash dividends paid	(1,146)	(569)
Proceeds from sales of treasury stock	―	42
Net cash provided (used) in financing activities	1,394	(1,906)
Effect of exchange rate changes on cash and cash equivalents	980	1,164
Net (decrease) increase in cash and cash equivalents	(1,116)	331
Cash and cash equivalents at the beginning of the period	24,119	23,003
Cash and cash equivalents at the end of the period	23,003	23,334

(5) Notes on Going Concern Assumption

Not applicable.

(6) Notes to the Consolidated Financial Statements

(Reporting Entity)

Tsubaki Nakashima Co., Ltd. (the “Company”) is a company incorporated in Japan. The registered address of the Company is 19 Shakudo, Katsuragi City, Nara, Japan. The consolidated financial statements of the Company are prepared as of December 31, 2024, and include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group", and each entity within the Group referred to as "Group Companies").

The Group is engaged in the manufacturing and sales of precision balls, rollers, retainers, and sheet metal parts (Precision Components Business), and the manufacturing, sales and maintenance of air blowers as well as real estate leasing(Blower & Real Estate Business).

(Basis of Preparation)

(1) Compliance of consolidated financial statements with IFRS

The Company meets all the requirements of a "Designated International Accounting Standards Specified Company", as stipulated in Article 1-2 of the "Regulations on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ministry of Finance Ordinance No. 28 of 1976). Accordingly, pursuant to Article 93 of the same regulations, the Company has prepared its consolidated financial statements in compliance with International Financial Reporting Standards (IFRS).

There were no accounting standards or interpretations adopted early during the current consolidated fiscal year.

(2) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except for certain assets and liabilities measured at fair value.

(3) Functional and Presentation Currency

The consolidated financial statements are presented in Japanese yen, which is the functional currency of the Company. All financial information presented in yen is rounded to the nearest million yen.

(4) Use of Estimates and Judgments

In preparing consolidated financial statements in compliance with IFRS, management is required to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. Actual results may differ from these estimates.

Estimates and the underlying assumptions are continuously reviewed. Changes in accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Key judgments and estimates that have a significant impact on the amounts presented in the consolidated financial statements are as follows:

- Assumptions and evaluations used in impairment testing
- Measurement of defined benefit obligations
- Recoverability of deferred tax assets

(Changes in Accounting Policies and Accounting Estimates)

The significant accounting policies applied in the consolidated financial statements of the Company remain consistent with those applied in the previous consolidated fiscal year.

(Change of Display Method)

(Change due to the classification of the ball screw and ball way manufacturing and sales business as a discontinued operation)

At the Board of Directors meeting held on February 9, 2024, our company resolved to transfer the ball screw and ball way manufacturing and sales business (hereinafter referred to as the "Target Business") to TN Linear Motion Co., Ltd. (hereinafter referred to as the "New Company"), which will be established through a company split. Additionally, by including shares of our subsidiary, TN TAIWAN CO., LTD., in the assets to be transferred through the company split, TN TAIWAN CO., LTD. will become a subsidiary of the New Company. Furthermore, we resolved to transfer all shares of the New Company to MinebeaMitsumi Inc. and entered into a share transfer agreement on the same date. However, as stated in the timely disclosure dated December 4, 2024, titled "(Change in Disclosure) Announcement Regarding the Postponement of the Company Split (Absorption-Type Split) and the Share Transfer of a Subsidiary, as well as the Termination of the Absorption-Type Split Agreement," the share transfer date remains undecided.

As a result, starting from this consolidated fiscal year, we have classified the Target Business as a discontinued operation. Accordingly, to align with the presentation format of the current consolidated fiscal year, we have reclassified certain items in the consolidated statement of comprehensive income, consolidated statement of cash flows, and related notes to the financial statements for the previous consolidated fiscal year.

(Segment Information and Others)

(1) Basis of segmentation

An operating segment is a component of the Group for which separate financial information is available and that is subject to regular review by the Board of Directors to assess performance and allocate resources.

At the Board of Directors meeting held on February 9, 2024, the Company resolved to transfer its ball screws and ball ways manufacturing and sales business (the "Target Business") to a newly established company, TN Linear Motion Co., Ltd. ("NewCo"), through a company split. Additionally, the shares of the Company's subsidiary, TN TAIWAN CO., LTD., were included as part of the transferred assets, making TJT a subsidiary of NewCo. The Company also resolved to transfer all shares of NewCo to MINEBEA MITSUMI Inc. and executed a share transfer agreement on the same date. As stated in the timely disclosure on December 4, 2024, titled "[Amendment of the Announcement] Notice of Postponement of Company Split (Absorption-Type Company Split) and Transfer of Shares in a Subsidiary and Cancellation of Absorption-Type Company Split Agreement," the date of this share transfer remains undecided.

With the conclusion of this share transfer agreement, the target business has been classified as a discontinued operation from the current consolidated fiscal year. Previously, we reported the "Precision Components Business" and the "Linear Business." However, starting this fiscal year, we have changed our reportable segments to the "Precision Components Business" and the "Blower & Real Estate Business."

The "Blower & Real Estate Business" was previously classified under Linear Business and "Others", but due to its increased quantitative significance, it has been designated as a reportable segment from the current consolidated fiscal year.

The "Precision Components Business" engages in the manufacturing and sales of precision balls, rollers, retainers, and sheet metal components. The "Blower & Real Estate Business" involves the manufacturing, sales, and maintenance of blowers, fans, and other air-moving equipment, as well as real estate leasing and related activities.

Segment information is prepared in accordance with the same accounting policies as those used in the consolidated financial statements. Operating income of each segment is measured by adding or subtracting finance income and expenses to or from profit before tax, and it is measured in the same manner as operating income in the consolidated statements of comprehensive income.

Pricing for inter-segment transactions is determined on an arm's length basis.

(2) Information on reporting segments

For the fiscal year ended December 31, 2023

(Millions of yen)

	Reporting segments		Total	Reconciling items	Consolidated financial statements
	Precision Component Business	Blower & Real Estate Business			
Sales					
External sales	75,929	1,156	77,085	—	77,085
Inter-segment sales	2	29	31	(31)	—
Total consolidated sales	75,931	1,185	77,116	(31)	77,085
Segment profit	4,804	214	5,018	—	5,018
			Financial income		517
			Financial expense		(1,268)
			Profit before taxes		4,267

	Reporting segments		Total	Reconciling items	Consolidated financial statements
	Precision Component Business	Blower & Real Estate Business			
Depreciation and amortization	(2,947)	(18)	(2,965)	—	(2,965)
Impairment losses	(1,834)	—	(1,834)	—	(1,834)
Segment assets	143,387	1,741	145,128	20,950	166,078
Capital expenditure	4,689	30	4,719	—	4,719

(Note) 1. Reconciling items at segment profit include the elimination of intersegment transactions and corporate expenses that are not allocated to each reporting segment.

2.Adjustment of segment assets includes surplus operating funds (cash and deposits) held mainly for corporate purposes.

3.Factory closure costs recorded in the “Precision Components Business” segment are included in "Other expenses."

4.Adjustment of segment assets consists of corporate assets not attributable to any reportable segment and assets of discontinued operations.

For the fiscal year ended December 31, 2024

(Millions of yen)

	Reporting segments		Total	Reconciling items	Consolidated financial statements
	Precision Component Business	Blower & Real Estate Business			
Sales					
External sales	75,102	819	75,921	—	75,921
Inter-segment sales	75	2	77	(77)	—
Total consolidated sales	75,177	821	75,998	(77)	75,921
Segment profit	632	181	813	1	814
			Financial income		2,493
			Financial expense		(1,560)
			Profit before taxes		1,747

	Reporting segments		Total	Reconciling items	Consolidated financial statements
	Precision Component Business	Blower & Real Estate Business			
Depreciation and amortization	3,225	20	3,245	—	3,245
Segment assets	155,423	1,311	156,734	17,987	174,721
Capital expenditure	3,644	41	3,685	—	3,685

(Note) 1. Reconciling items at segment profit include the elimination of intersegment transactions and corporate expenses, which are not allocated to each reporting segment.

2. Adjustment of segment assets includes surplus operating funds (cash and deposits) held mainly for corporate purposes.

3. Adjustment of segment assets consists of corporate assets not attributable to any reportable segment and assets of discontinued operations.

(Earnings per share)

	For the fiscal year ended December 31, 2023	For the fiscal year ended December 31, 2024
Net profit for the period attributable to Owners of the parent (Millions of yen)	(1,287)	912
Continuing operations	2,858	1,100
Discontinued operations	(4,145)	(188)
Net profit adjustment used for calculating diluted earnings per share	(289)	(1,029)
Diluted net profit (Millions of yen)	(1,576)	(117)
Continuing operations	2,569	71
Discontinued operations	(4,145)	(188)
Weighted average numbers of issued common shares (Share)	39,727,985	39,810,477
Increase in common shares used for calculating diluted earnings per share		
Increase due to stock options	—	—
Increase due to BIP executive compensation trust	137,004	147,508
Increase due to share acquisition rights and convertible bonds	13,661,202	15,274,540
Weighted average numbers of issued common shares after dilution	53,526,191	55,232,525
Basic earnings per share (Yen)	(32.38)	22.91
Continuing operations	71.93	27.64
Discontinued operations	(104.31)	(4.73)
Diluted earnings per share (Yen)	(29.44)	(2.12)
Continuing operations	47.98	1.29
Discontinued operations	(77.42)	(3.41)

(Note) 1. Basic earnings per share is calculated by dividing net profit attributable to owners of the parent by the weighted average number of issued common shares during the fiscal year.

2. Diluted earnings per share is calculated by adjusting the weighted average number of issued common shares, assuming the conversion of all dilutive potential common shares.

3. In the calculation of basic earnings per share and diluted earnings per share, shares held by the trust account related to the BIP executive compensation trust are treated as treasury shares, and thus, they are deducted from the weighted average number of common shares during the period.

4. Starting from this consolidated fiscal year, the ball screw and ball way manufacturing and sales operations have been classified as discontinued operations. As a result, the basic earnings per share and diluted earnings per share for the previous consolidated fiscal year have been restated accordingly. Furthermore, the determination of the presence of a dilutive effect is based on the net income from continuing operations.

(Significant subsequent events)

Not applicable.