February 17, 2025

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Notice of Recognition of Derivative Valuation Gains on Convertible Bonds, etc., and Differences Between Financial Forecasts and Actual Results

Tsubaki Nakashima Co., Ltd. has recorded derivative valuation gains and foreign exchange gains due to fluctuations in our stock price and exchange rates. In addition, the company hereby announces that there are differences between the forecast of business results for the fiscal year ending December 31, 2024, announced on November 11, 2024, and the actual results announced today, as follows.

1. Recognition of Derivative Valuation Gains and Foreign Exchange Gains
   Due to fluctuations in our stock price and exchange rates, we have recorded derivative valuation gains of 1,423 million yen and foreign exchange gains of 828 million yen based on the fair value assessment of our convertible bonds and stock acquisition rights.

2. Difference between consolidated forecasts and actual results for the fiscal year ended December 31, 2024

（January 1, 2024 to December 31, 2024）

	Sales	Operating profit	Profit before tax	Net profit for the period attributable to owners of the parent	Basic earnings per share
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Previous forecast (A)	75,000	500	(900)	(1,700)	(42.71)
Actual (B)	75,921	814	1,747	912	22.91
Change (B-A)	921	314	2,647	2,612	-
Change (%)	1.2	62.8	-	-	-
(Reference) Previous year results (12/FY2023)	77,085	5,018	4,267	(1,287)	(32.38)

(Note) From the first quarter of the fiscal year ended December 2024, 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 attributable to owners of the parent are the sum of continuing operations and discontinued operations. Previous year results have been reclassified in the same way.

Disclaimer: This English translation is provided solely for reference purposes. In the event of any discrepancies between the original Japanese version and the English translation, the Japanese version shall prevail.

Reasons for the difference

Sales showed a slight increase compared to the previously announced consolidated earnings forecast on November 11, 2024 (hereinafter referred to as the "Previous Forecast"), with no significant deviation.

Operating profit exceeded the previous forecast, primarily due to the positive impact of increased sales. Furthermore, profit before tax and profit attributable to owners of the parent significantly exceeded the Previous Forecast, driven by the improvement in operating profit as well as the recognition of derivative valuation gains and foreign exchange gains resulting from the fair value assessment of convertible bonds and stock acquisition rights.

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