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Consolidated Financial Results for the Three Months Ended March 31, 2025 Unaudited [IFRS]

May 13, 2025

Company name: Tsubaki Nakashima Co., Ltd.
Stock exchange listing: Tokyo Stock Exchange
Code number: 6464
URL: http://www.tsubaki-nakashima.com/en/
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Availability of supplementary briefing material on financial results: Available
Schedule of financial results briefing session: None

(Amounts of less than one million yen are rounded)

1. Consolidated Financial Results for the Three months ended March 31, 2025 (January 1, 2025 to March 31, 2025)

(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	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Mar. 31, 2025	18,273	(8.5)	358	(76.2)	(554)	—	(559)	—	(558)	—	(3,957)	—
Mar. 31, 2024	19,966	6.0	1,507	(3.8)	1,098	(14.7)	906	38.4	906	38.4	5,224	170.4

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
Mar. 31, 2025	(14.00)	(14.00)
Mar. 31, 2024	22.81	22.75

(Note) The manufacturing and sales business of ball screws and ball ways has been classified as a discontinued operation. For the first quarter cumulative period of the previous fiscal year and current fiscal year, revenue, operating profit, and profit before tax are presented excluding the discontinued operation, and quarterly profit and quarterly profit attributable to the parent company are presented as the total of continuing operations and discontinued operations.

(Reference) EBITDA: The Three months ended March, 2025: 1,237 million yen (down 46.7%)
The Three months ended March, 2024: 2,319 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 March 31, 2025	168,800	57,117	57,084	33.8
As of December 31, 2024	174,721	61,508	61,472	35.2

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, 2024	—	15.00	—	10.00	25.00
Fiscal year ended December 31, 2025	—				
Fiscal year ending December 31, 2025 (Forecast)		0.00	—	0.00	0.00

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

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)

Note: Revisions to the most recently announced earnings forecasts: None

※ Notes

(1) Significant changes in the scope of consolidation during the current cumulative quarter: None

Newly included — Company (Company name) — , Excluded — Company (Company name) —

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

(i) Changes in accounting policies required by IFRS : None

(ii) Changes in accounting policies other than (i) : None

(iii) Changes in accounting estimates : None

(3) Number of issued shares (ordinary shares)

(i) Number of shares issued at the end of the period (including treasury stock)	Three months ended March 31, 2025	41,599,600	shares	As of December 31, 2024	41,599,600	shares
(ii) Number of treasury stock at the end of the period	Three months ended March 31, 2025	1,760,958	shares	As of December 31, 2024	1,760,958	shares
(iii) Average number of shares during the period (cumulative total for the quarter)	Three months ended March 31, 2025	39,838,642	shares	Three months ended March 31, 2024	39,735,807	shares

※Review of the quarterly consolidated financial statements by a certified public accountant or auditing 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.

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1. Qualitative Information on Financial Results

(1) Explanation of Business Results

During the first quarter of the current fiscal year, the economic environment remained relatively stable in China, supported by a recovery in domestic demand. However, in Europe, although the overall economy showed signs of a gradual recovery, the automotive industry continued to struggle due to prolonged price competition with Chinese manufacturers, and the German manufacturing sector also showed signs of stagnation, resulting in significant regional disparity. The U.S. economy remained steady supported by strong consumer spending, as in the previous year, but the new administration's tariff policy is casting a shadow over the outlook for the future. The domestic economy is showing signs of gradual improvement, driven by increased inbound demand, rising wage growth rates, and a recovery in investment intentions for equipment and facilities amid digitalization and efforts to address labor shortages. However, the impact of the U.S. administration's exchange rate and tariff policies on the manufacturing and export of automobiles is uncertain and there are concerns about the negative impact toward the second half of the current fiscal year.

The results for the first quarter of the fiscal year ending December 2025 for our group will be reported primarily based on the figures for continuing operations, excluding non-continuing operations, due to the reclassification of the manufacturing and sales of ball screws and ball ways as non-continuing operations from the previous first quarter consolidated cumulative period.

Revenue for the first quarter of the current fiscal year was affected by the sluggish performance of the automotive industry in Europe and other factors, resulting in a year-on-year decrease of 8.5% to 18,273 million yen. In terms of profits, despite efforts to reduce procurement and production costs as part of the new medium-term business plan announced on 17 February 2025, operating profit decreased by 76.2% year-on-year to 358 million yen due to factors such as a decline in sales and an increase in labor costs.

Net income attributable to the parent company's shareholders decreased by 1,464 million yen compared to the same quarter of the previous year, resulting in a loss of 558 million yen.

<Results by Business Segment >

Precision Components Business

Sales revenue in the Precision Components Business declined due to the sluggish automotive industry in Europe and other factors, falling 8.3% year on year to 17,996 million yen. Segment profit decreased 78.7% year on year to 287 million yen due to a decline in sales and an increase in personnel expenses, despite efforts to reduce procurement and production costs.

Blower & Real Estate Business

Sales revenue in the Blower & Real Estate Business decreased 19.9% year on year to 277 million yen due to a decrease in large orders. Segment profit decreased 56.3% year on year to 71 million yen due to a decrease in sales.

(2) Explanation of Financial Position

Total assets as of the end of the first quarter of the current fiscal year decreased by 5,921 million yen from the end of the previous fiscal year to 168,800 million yen. This decrease was primarily due to a decrease of 2,291 million yen in inventory, resulting in a decrease of 2,632 million yen in current assets. Additionally, non-current assets decreased by 3,289 million yen, primarily due to a decrease of 1,253 million yen in intangible fixed assets and goodwill, and a decrease of 1,524 million yen in other non-current assets.

Liabilities decreased by 1,530 million yen compared to the end of the previous fiscal year, amounting to 111,683 million yen. This was primarily due to a decrease of 1,404 million yen in bonds and loans payable, mainly due to foreign exchange effects.

Regarding equity, it decreased by 4,391 million yen compared to the previous fiscal year-end, amounting to 57,117

million yen. This was primarily due to a decrease of 3,351 million yen in other components of equity, such as foreign currency translation adjustments.

(Analysis of Status of Cash Flows)

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

Net cash provided by operating activities resulted in an increase of 1,717 million yen. Cash increase factors included a decrease of 1,057 million yen in inventory and 881 million in depreciation and amortization expenses, while cash decrease factors included an increase of 588 million yen in trade receivables and other receivables and 554 million yen in pre-tax quarterly loss.

Net cash used in investing activities amounted to 1,098 million yen, due to payments for the acquisition of property, plant and equipment.

Net cash used in financing activities amounted to 428 million yen, due to dividend payments of 346 million yen.

After deducting the exchange rate differences of 566 million yen primarily due to the appreciation of the yen compared to the end of the previous fiscal year, cash and cash equivalents as of the end of the first quarter of the current fiscal year amounted to 22,959 million yen, a decrease of 375 million yen compared to the end of the previous fiscal year.

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

There are no changes to the consolidated earnings forecast for the fiscal year ending December 2025, which was announced on 17 February 2025.

2. Summary information (notes)

(1) Changes in significant subsidiaries during the period

Not applicable.

(2) Changes in accounting policies and changes in 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, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and cash equivalents	23,060	22,725
Trade and other receivables, net	20,685	20,462
Inventories	36,078	33,787
Other current assets	1,690	1,955
Subtotal	81,513	78,929
Assets held for sale	3,450	3,402
Total current assets	84,963	82,331
Non-current assets		
Property, plant and equipment, net	36,695	36,392
Intangible assets, net and goodwill	41,511	40,258
Other investments	251	242
Deferred tax assets	3,097	2,897
Other non-current assets	8,204	6,680
Total non-current assets	89,758	86,469
Total assets	174,721	168,800
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	6,366	6,036
Current portion of borrowings	11,356	11,455
Income taxes payable	1,787	1,627
Other current liabilities	6,459	6,252
Subtotal	25,968	25,370
Liabilities directly associated with assets held for sale	780	685
Total current liabilities	26,748	26,055
Non-current liabilities		
Bonds and borrowings, excluding current portion	81,294	79,791
Net defined benefit liability	2,176	1,959
Deferred tax liabilities	1,409	1,327
Other non-current liabilities	1,586	2,551
Total non-current liabilities	86,465	85,628
Total liabilities	113,213	111,683
Equity		
Share capital	17,117	17,117
Capital surplus	11,317	11,281
Treasury stock	(2,298)	(2,298)
Other components of equity	19,611	16,260
Other components of equity of equity related to disposal groups classified as held for sale	239	194
Retained earnings	15,486	14,530
Equity attributable to owners of the parent	61,472	57,084
Non-controlling interests	36	33
Total equity	61,508	57,117
Total liabilities and equity	174,721	168,800

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

(Millions of yen)

	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Continuing Operations		
Sales	19,966	18,273
Cost of sales	16,407	15,459
Gross profit	3,559	2,814
Selling, general and administrative expenses	2,073	2,626
Other income	27	176
Other expenses	6	6
Operating profit	1,507	358
Financial income	554	166
Financial expenses	963	1,078
Profit before taxes (loss)	1,098	(554)
Income tax expense	142	(18)
Net profit for the period (loss)	956	(536)
Discontinued Operations		
Net loss from discontinued operations	(50)	(23)
Net income for the period (loss)	906	(559)
Attributable to:		
Owners of the parent	906	(558)
Non-controlling interests	0	(1)
Net income for the period (loss)	906	(559)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at FVOCI	8	(1)
Total items that will not be reclassified to profit or loss	8	(1)
Items that may subsequently be reclassified to profit or loss		
Foreign currency translation differences	4,187	(3,398)
Cash flow hedges	48	114
Hedge costs	75	(113)
Total items that may subsequently be reclassified to profit or loss	4,310	(3,397)
Other comprehensive income (loss), net of tax	4,318	(3,398)
Total comprehensive income (loss)	5,224	(3,957)
Total comprehensive income attributable to:		
Owners of the parent	5,223	(3,954)
Non-controlling interests	1	(3)
Total comprehensive income (loss)	5,224	(3,957)

	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Earnings per share attributable to owners of the parent		
Basic earnings (loss) per share (yen)		
Continuing operations	24.06	(13.45)
Discontinued operations	(1.25)	(0.55)
Total basic earnings (loss) per share (yen)	22.81	(14.00)
Diluted earnings (loss) per share (yen)		
Continuing operations	24.00	(13.45)
Discontinued operations	(1.25)	(0.55)
Total diluted earnings (loss) per share (yen)	22.75	(14.00)

(3) Condensed Interim Consolidated Statements of Changes in Equity

For the three months ended March 31, 2024

(Millions of yen)

	Equity attributable to owners of the parent						
				Other components equity			
	Share capital	Capital surplus	Treasury stock	Stock acquisition rights	Financial assets measured at fair value through other comprehensive income	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 income for the period	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	8	4,186	48
Total comprehensive Income	—	—	—	—	8	4,186	48
Dividends	—	—	—	—	—	—	—
Disposition of treasury stock	—	—	158	—	—	—	—
Stock-based rewards	—	(115)	—	—	—	—	—
Other components of equity related to disposal groups held for sale	—	—	—	—	—	(226)	—
Expiry of share options	—	—	—	(0)	—	—	—
Total transactions with owners and other	—	(115)	158	(0)	—	(226)	—
Balance as of March 31, 2024	17,117	11,502	(2,458)	0	30	16,734	(143)

(Millions of yen)

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components equity		Other components of equity related to disposal groups held for sale	Remained earnings	Total		
	Hedge costs	Total					
Balance as of January 1, 2024	175	12,780	—	15,209	54,107	35	54,142
Net income for the period	—	—	—	906	906	0	906
Other comprehensive income	75	4,317	—	—	4,317	1	4,318
Total comprehensive income	75	4,317	—	906	5,223	1	5,224
Dividends	—	—	—	—	—	—	—
Disposition of treasury stock	—	—	—	—	158	—	158
Stock-based rewards	—	—	—	—	(115)	—	(115)
Other components of equity related to disposal groups held for sale	—	(226)	226	—	—	—	—
Expiry of share options	—	(0)	—	—	(0)	—	(0)
Total transactions with owners and other	—	(226)	226	—	43	—	43
Balance as of March 31, 2024	250	16,871	226	16,115	59,373	36	59,409

For the three months ended March 31, 2025

(Millions of yen)

	Equity attributable to owners of the parent						
				Other components equity			
	Share capital	Capital surplus	Treasury stock	Stock acquisition rights	Financial assets measured at fair value through other comprehensive income	Foreign currency translation differences	Cash flow hedge
Balance as of January 1, 2025	17,117	11,317	(2,298)	—	5	19,397	136
Net income for the period (loss)	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	(1)	(3,396)	114
Total comprehensive Income	—	—	—	—	(1)	(3,396)	114
Dividends	—	—	—	—	—	—	—
Disposition of treasury stock	—	—	—	—	—	—	—
Stock-based rewards	—	(36)	—	—	—	—	—
Other components of equity related to disposal groups held for sale	—	—	—	—	—	45	—
Expiry of share options	—	—	—	—	—	—	—
Total transactions with owners and other	—	(36)	—	—	—	45	—
Balance as of March 31, 2025	17,117	11,281	(2,298)	—	4	16,046	250

(Millions of yen)

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components equity		Other components of equity related to disposal groups held for sale	Remained earnings	Total		
	Hedge costs	Total					
Balance as of January 1, 2025	73	19,611	239	15,486	61,472	36	61,508
Net income for the period (loss)	—	—	—	(558)	(558)	(1)	(559)
Other comprehensive income	(113)	(3,396)	—	—	(3,396)	(2)	(3,398)
Total comprehensive income	(113)	(3,396)	—	(558)	(3,954)	(3)	(3,957)
Dividends	—	—	—	(398)	(398)	—	(398)
Disposition of treasury stock	—	—	—	—	—	—	—
Stock-based rewards	—	—	—	—	(36)	—	(36)
Other components of equity related to disposal groups held for sale	—	45	(45)	—	—	—	—
Expiry of share options	—	—	—	—	—	—	—
Total transactions with owners and other	—	45	(45)	(398)	(434)	—	(434)
Balance as of March 31, 2025	(40)	16,260	194	14,530	57,084	33	57,117

(4) Condensed Interim Consolidated Statements of Cash Flows

(Millions of yen)

	For the three months ended March 31, 2024	For the three months ended March 31, 2025
Cash flows from operating activities		
Profit before taxes (loss)	1,098	(554)
Loss before tax from discontinue operations	(72)	(27)
Depreciation and amortization	816	881
Decrease in net defined benefit liability	(35)	(231)
Interest and dividend income	(54)	(55)
Interest expense	346	388
Foreign exchange (gains) losses	(503)	640
Gains on sale of fixed assets	(5)	(1)
Decrease (increase) in trade and other receivables	278	(588)
(Increase) decrease in inventories	(327)	1,057
Decrease in trade and other payables	(569)	(137)
Other, net	878	745
Subtotal	1,851	2,118
Interest received	54	55
Dividend paid	0	―
Interest paid	(255)	(282)
Income taxes paid	(711)	(174)
Net cash provided in operating activities	939	1,717
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment	(924)	(1,101)
Proceeds from sale of property, plant and equipment	7	1
Payments for acquisition of intangible assets	(21)	―
Other, net	(0)	2
Net cash used in investing activities	(938)	(1,098)
Cash flows from financing activities		
Proceeds from long-term loans and borrowings	3,960	―
Payments of lease liabilities	(113)	(82)
Cash dividends paid	(1)	(346)
Proceeds from sales of treasury stock	42	―
Net cash provided (used) in financing activities	3,888	(428)
Effect of exchange rate changes on cash and cash equivalents	625	(566)
Net increase (decrease) in cash and cash equivalents	4,514	(375)
Cash and cash equivalents at the beginning of the period	23,003	23,334
Cash and cash equivalents at the end of the period	27.517	22.959

(5) Notes to the Quarterly Consolidated Financial Statements

(Notes on the assumption of a going concern)

Not applicable.

(Segment Information and Others)

(1) Basis of segmentation

Our group is organized into product and service segments based on our core businesses, with two reportable segments: 'Precision Components Business' and 'Blower & Real Estate Business.' The 'Precision Components

Business' manufactures and sells precision balls, rollers, retainers, and sheet metal parts. The 'Blower & Real Estate Business' manufactures, sells, and maintains blowers, fans, and other air-moving equipment, as well as leases real estate.

The Group's business segments are segments for which separate financial information is available and which are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

In the first quarter of the previous fiscal year, 'Precision Components Business' was reported as a reportable segment. However, starting from the previous fiscal year, 'Precision Components Business' and 'Blower & Real Estate Business' have been changed to reportable segments. The segment information for the first quarter of the previous fiscal year has been prepared and disclosed based on the revised reportable segment classification. Furthermore, amounts for the first quarter of the previous fiscal year and this year have been adjusted to exclude non-continuing operations.

Segment information is prepared in accordance with the same accounting policies as the condensed consolidated financial statements. Operating income for each segment is calculated by adding financial income and financial expenses to pre-tax quarterly income, and is measured using the same method as operating income in the condensed consolidated statement of comprehensive income.

Prices for transactions between segments are determined at prices that would be agreed upon in transactions between independent third parties.

(2) Information on reporting segments

For the three months ended March 31, 2024

(Millions of yen)

	Reporting segments		Total	Reconciling items	Consolidated financial statements
	Precision Component Business	Blower & Real Estate Business			
Sales					
External sales	19,621	345	19,966	—	19,966
Inter-segment sales	0	3	3	(3)	—
Total consolidated sales	19,621	348	19,969	(3)	19,966
Segment profit	1,345	162	1,507	(0)	1,507
			Financial income		554
			Financial expense		(963)
			Profit before taxes		1,098

Note: Adjustments to segment income include eliminations of inter-segment transactions.

For the three months ended March 31, 2025

(Millions of yen)

	Reporting segments		Total	Reconciling items	Consolidated financial statements
	Precision Component Business	Blower & Real Estate Business			
Sales					
External sales	17,996	277	18,273	—	18,273
Inter-segment sales	0	—	0	(0)	—
Total consolidated sales	17,996	277	18,273	(0)	18,273
Segment profit	287	71	358	0	358
			Financial income		166
			Financial expense		(1,078)
			Profit before taxes		(554)

Note: Adjustments to segment income include eliminations of inter-segment transactions.