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## Consolidated Financial Results for the fiscal year ended December 31, 2023 Unaudited [IFRS]



February 9, 2024

Company name: Tsubaki Nakashima Co., Ltd.  
Stock exchange listing: Tokyo Stock Exchange  
Code number: 6464

URL: <http://www.tsubaki-nakashima.com/en/>

Representative: Koji Hirota, Director and Representative Executive Officer, CEO

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Date of the ordinary general shareholder's meeting March 22, 2024

Payment date of cash dividend March 25, 2024

Filing date of securities report March 25, 2024

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, 2023 (January 1, 2023 to December 31, 2023)

#### (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, 2023	80,337	1.6	853	—	113	—	(1,289)	—	(1,287)	—	5,105	—
Dec. 31, 2022	79,036	16.4	(9,065)	—	(9,648)	—	(9,085)	—	(9,089)	—	(1,213)	—

	Basic earnings per share	Diluted earnings per share	Return on equity (ROE)	Profit before taxes/Total assets	Operating profit margin
	Yen	Yen	%	%	%
Dec. 31, 2023	(32.38)	(32.38)	(2.5)	0.1	1.1
Dec. 31, 2022	(225.35)	(225.35)	(17.6)	(6.1)	(11.5)

(Reference) EBITDA: Fiscal year ended December 31, 2023: 7,465 million yen (down 8.5%)

Fiscal year ended December 31, 2022: 8,155 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, 2023	166,078	54,142	54,107	32.6	1,361.91
As of Dec. 31, 2022	159,891	50,131	50,096	31.3	1,260.95

#### (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, 2023	1,405	(4,933)	1,394	23,003
Dec. 31, 2022	(4,136)	(3,504)	(1,762)	24,119

## 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, 2022	—	13.00	—	17.00	30.00	1,207	—	2.3
Fiscal year ended Dec. 31, 2023	—	13.00	—	—	13.00	518	—	1.0
Fiscal year ending Dec. 31, 2024 (Forecast)					35.00		35.2	

Our basic policy is to pay dividends from retained earnings twice a year, as interim and year-end dividends, but as the amount of the interim dividend forecast is undecided at this time; the total amount is shown.

## 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	80,800	0.6	7,000	720.7	5,785	5,029.4	3,960	—	99.68

Each item of above forecast is included yearly forecast of ball screw and ball way manufacturing and sales business which will be sold at December 2024.

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): No
- (2) Changes in accounting policies and changes in accounting estimates
  - 1) Changes in accounting policies required by IFRS: Yes
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
- (3) Total number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury shares):
    - December 31, 2023: 41,599,600 shares
    - December 31, 2022: 41,599,600 shares
  - 2) Total number of treasury shares at the end of the period:
    - December 31, 2023: 1,871,615 shares
    - December 31, 2022: 1,871,615 shares
  - 3) Average number of shares during the period:
    - Fiscal year ended December 31, 2023: 39,727,985 shares
    - Fiscal year ended December 31, 2022: 40,332,855 shares

**(Reference) Non-Consolidated Financial Results for the fiscal year ended December 31, 2023  
(January 1, 2023 to December 31, 2023)**

**(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, 2023	12,816	(1.0)	(1,957)	—	(1,697)	—	(1,155)	—
Dec. 31, 2022	12,952	0.5	(849)	—	1,310	405.9	1,161	177.1

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Dec. 31, 2023	(29.09)	(29.09)
Dec. 31, 2022	28.81	28.80

**(2) Financial Position**

	Total assets	Total equity	Ratio of equity	Equity per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2023	125,394	27,970	22.3	703.31
As of Dec. 31, 2022	123,871	30,330	24.5	763.46

(Reference) Shareholders' equity: Fiscal year ended December 31, 2023: 27,970 million yen  
Fiscal year ended December 31, 2022: 30,330 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 5 of the attached materials for details regarding the above forecasts.

## 1. Qualitative Information on Financial Results

### (1) Explanation of Business Results

In Japan, demand in general moved toward recovery continuously from the early year, but there is a growing sense of a lull in the economy from the latter half of the year. The automobile industry continued to improve due to the resolution of the semiconductor shortage and the depreciation of the yen, but sale growth has slowed due to the impact of factory suspensions and recalls at some automobile manufacturers. And, the machine tool business remains sluggish as production remains weak due to falling demand. Moreover, there are also concerns about declining demand due to rising prices, increasing costs, and the negative impact of a worsening labor shortage. Overseas, the world economy is being supported by the stability of the US despite the economic slump in EU and China and interest rates are likely to be lowered in many countries. However, the effect of high inflation and monetary tightening still remain at various regions and there are concerns that another slowdown of demand could be happened. So we are closely monitoring trends in the global market.

Under these circumstances, sales for the fiscal year increased 1.6% year on year to 80,337 million yen due to passing on of higher energy and raw material prices to selling prices and the impact of the yen's depreciation, despite the growth of the main products in the mainstay Precision Components business was sluggish due to the global decline in orders for machine tools and inventory adjustments by our customers.

On the profit front, operating profit increased 9,918 million yen from previous year to 853 million yen due to the absence of expenses 2,952 million yen for business restructuring of the roller business in Europe that were recorded in the previous year and impairment loss of 13,562 million yen on property, plant and equipment and other of the precision component business in the U.S. and goodwill in the linear business, despite a decrease in profits due to a decline in sales excluding foreign exchange effects and expenses of 1,966 million yen (1,834 million yen recorded in other expenses, and 132 million yen in productivity loss impact due to production stoppages, etc.) associated with the closure of stamping parts plant in the Netherlands and impairment loss etc. of 4,042 million yen for ball screws and ball ways manufacturing and selling business which will be sold at December 2024.

Net profit attributable to owners of the parent company improved 7,802 million yen from the previous year but to a loss of 1.287 million yen.

The segment performance is as follows.

#### Precision Components Business

The segment manufactures and sells precision balls and rollers, which are mainly used as important components of bearings. Bearings with precision balls or rollers are widely used in automobiles, machine tools and other industrial machinery.

Sales in the segment increased 3.1% year-on-year to 75,929 million yen due to passing on of higher energy and raw material prices to selling prices and the impact of the yen's depreciation, despite the global decline in orders for machine tools, and inventory adjustments by our customers. Segment profit (operating profit) increased 10,261 million yen year-on-year to 4,804 million yen due to the absence of expenses 2,952 million yen for business restructuring of the roller business in Europe that were recorded in the previous year and impairment loss of 9,546 million yen on property, plant and equipment and other of the precision component business in the U.S., despite a decrease in profits due to a decrease in sales excluding foreign exchange effects and expenses of 1,966 million yen associated with the closure of stamping parts plant in the Netherlands.

#### Linear Business

The segment manufactures and sells ball screws and large blowers, which are mainly used in machine tools, etc.

Sales in the segment decreased 17.8% year-on-year to 4,407 million yen due to the global decline in orders for machine tools and inventory adjustments by our customers. Segment profit (operating profit) decreased 344 million yen year-on-year to a loss of 3,972 million yen due to a decline in sales and impairment loss etc. of 4,042 million yen for ball screws and ball ways manufacturing and selling business which will be sold at December 2024.

## (2) Explanation of Financial Position

Total assets at the end of the current fiscal year increased by 6,187 million yen from the end of the previous fiscal year to 166,078 million yen. This was mainly due to an increase in trade and other receivables of 1,659 million yen and inventories of 1,888 million yen, while cash and cash equivalents decreased by 1,116 million yen, and Non-current assets increased by 2,341 million yen, and more mainly due to increases in property, plant and equipment by 3,463 million yen, and other non-current assets by 1,227 million yen, despite of intangible assets, net and goodwill decreased by 1,327 million yen.

Total liabilities increased by 2,176 million yen from the end of the previous fiscal year to 111,936 million yen. This was mainly due to a increase of 2,370 million yen in borrowings. Certain borrowings of 43,933 million yen that was in breach of financial covenants at the end of the previous fiscal year were included in bonds and borrowings, excluding current portion at the end of the current fiscal year.

Total equity increased by 4,011 million yen from the end of the previous fiscal year to 54,142 million yen. This was mainly due to an increase of 6,355 million yen in accumulated other comprehensive loss, such as foreign currency translation adjustments, and decrease of 2,442 million yen in retained earnings.

## (3) Analysis of Status of Cash Flows

The cash flow status and factors for each activity during this fiscal are as follows.

Net cash used in operating activities amounted to 1,405 million yen. Cash increase factors included depreciation and amortization of 3,189 million yen, impairment loss of 3,423 million yen, while cash decrease factors included a decrease of 1,651 million yen in trade and other payables, interest paid 1,173 million yen, and income taxes paid 1,568 million yen.

Net cash used in investing activities amounted to 4,933 million yen, mainly due to payments for the acquisition of fixed assets.

Net cash used in financing activities amounted to 1,394 million yen, mainly due to repayments of long-term loans and borrowings of 7,000 million yen, while corporate bond issue of 10,020 million yen.

After adding the foreign currency translation adjustments of 980 million yen, mainly due to the appreciation of the U.S. dollar and Euro during the period, cash and cash equivalents at the end of the period totaled 23,003 million yen, a decrease of 1,116 million yen from the end of the previous fiscal year.

### (Reference) Cash flow-related financial indicators

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Ratio of equity attributable to owners of the parent (%)	31.3	32.6
Ratio of equity attributable to owners of the parent at market value (%)	25.3	17.5
Ratio of interest-bearing liabilities to cash flows (%)	(2,155.0)	6,502.1
Interest coverage ratio (times)	(3.8)	1.2

Ratio of equity attributable to owners of the parent:  $\text{Equity attributable to owners of the parent} / \text{Total assets}$

Ratio of equity attributable to owners of the parent at market value:  $\text{Market capitalization} / \text{Total assets}$

Ratio of interest-bearing liabilities to cash flows:  $\text{Interest-bearing liabilities} / \text{Cash flows}$

Interest coverage ratio:  $\text{Cash flows} / \text{Interest expense}$

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 covers 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 industries, which are our

main customers. The Group's performance is also affected by exchange rate fluctuations because the Group translates its financial results into yen for consolidated accounting purposes.

As for our consolidated earnings forecast, we expect sales of 80.8 billion yen, based on continued investment of growth in the ceramics business, developing new markets in the medical device business, while reforms of unprofitable businesses have been completed (integration of former roller business in the Netherlands into Bosnia and withdrawal from stamping business, re-organization of production plants in the US and stock transfer of ball screw and ball way manufacturing and sales business). Operating profit is expected to be 7 billion yen, as a result to maintain the necessary credit ratings for long-term financial stability and stable financing and to achieve sustainable growth, and the absence of impairment losses of 4 billion yen for ball screw and ball way manufacturing and sales business and expenses of 2 billion yen for the closure of stamping parts plant in the Netherlands.

The forecast is included yearly forecast of ball screw and ball way manufacturing and sales business which will be sold at December 2024 and we do not provide an interim forecast, which is difficult to reasonably calculate, but only a full-year forecast.

The assumed exchange rates are 139 yen to the dollar, 150 yen to the euro, and 19.7 yen to the Chinese yuan.

#### (5) Basic Policy for Profit Distribution and Dividends for the Year Ending December 31,2023

The Company intends to make decisions on shareholder returns in order to maintain the necessary credit ratings for long-term financial stability and stable financing, and to achieve sustainable growth.

The year-end dividend of this fiscal year is expected to be 0 yen per share and the annual dividend is expected to be 13 yen per share including the interim dividend of 13 yen in light of restrictions on the amount available for distribution under Companies Act, because we decide to sell ball screw and ball way manufacturing and selling business at December 2024 and we book a big net loss in non-consolidated at this fiscal year due to the impairment losses etc.

The annual dividend of next fiscal year is planned to be 35 yen per share, because reforms of unprofitable businesses have been completed and the necessary credit ratings for long-term financial stability, stable financing and sustainable growth can be expected.

#### (6) Impairment loss recorded

As of the end of the current consolidated fiscal year, we have conducted impairment test on its property, plant and equipment, intangible assets and goodwill in accordance with International Financial Reporting Standards (IFRS) and, as a result, recorded a loss of 3,423 million yen because the recoverable amount was less than the carrying amount.

## 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, 2022	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	24,119	23,003
Trade and other receivables, net	20,930	22,589
Inventories	35,048	36,936
Other current assets	1,787	1,697
Total current assets	81,884	84,225
Non-current assets		
Property, plant and equipment, net	30,763	34,226
Intangible assets, net and goodwill	40,958	39,631
Other investments	212	259
Deferred tax assets	2,254	2,690
Other non-current assets	3,820	5,047
Total non-current assets	78,007	81,853
Total assets	159,891	166,078
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Current liabilities		
Trade and other payables	7,722	6,949
Current portion of borrowings	52,609	15,974
Income taxes payable	1,416	1,685
Other current liabilities	6,541	7,428
Total current liabilities	68,288	32,036
Non-current liabilities		
Bonds and borrowings, excluding current portion	35,378	74,383
Net defined benefit liability	2,320	2,256
Deferred tax liabilities	1,650	1,403
Other non-current liabilities	2,124	1,858
Total non-current liabilities	41,472	79,900
Total liabilities	109,760	111,936
<b>Equity</b>		
Share capital	17,117	17,117
Capital surplus	11,519	11,617
Treasury stock	(2,616)	(2,616)
Accumulated other comprehensive loss	6,425	12,780
Retained earnings	17,651	15,209
Equity attributable to owners of the parent	50,096	54,107
Non-controlling interests	35	35
Total equity	50,131	54,142
Total liabilities and equity	159,891	166,078

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

(Millions of yen)

	For the year ended December 31, 2022	For the year ended December 31, 2023
Sales	79,036	80,337
Cost of sales	71,277	67,177
Gross profit	7,759	13,160
Selling, general and administrative expenses	8,398	7,916
Other income	1,105	125
Other expenses	9,531	4,516
Operating profit (loss)	(9,065)	853
Financial income	620	553
Financial expenses	1,203	1,293
Profit before taxes (loss)	(9,648)	113
Income tax expense	(563)	1,402
Net profit for the period (loss)	(9,085)	(1,289)
Net profit for the period (loss) attributable to:		
Owners of the parent	(9,089)	(1,287)
Non-controlling interests	4	(2)
Net profit for the period (loss)	(9,085)	(1,289)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at FVOCI	(57)	25
Remeasurements of defined benefit plans	72	37
Total items that will not be reclassified to profit or loss	15	62
Items that may subsequently be reclassified to profit or loss		
Foreign currency translation differences	7,399	6,395
Cash flow hedges	570	(37)
Hedges costs	(112)	(26)
Total items that may subsequently be reclassified to profit or loss	7,857	6,332
Other comprehensive income, net of tax	7,872	6,394
Total comprehensive income	(1,213)	5,105
Total comprehensive income attributable to:		
Owners of the parent	(1,214)	5,105
Non-controlling interests	1	(0)
Total comprehensive income	(1,213)	5,105
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	(225.35)	(32.38)
Diluted earnings per share (yen)	(225.35)	(32.38)



### (3) Consolidated Statements of Changes in Equity

For the fiscal year ended December 31, 2022

(Millions of yen)

	Share capital	Capital surplus	Treasury stock	Accumulated Other Comprehensive Income (Loss)		
				Financial assets measured at FVOCI	Remeasurements of defined benefit plans	Foreign currency translation differences
Balance as of January 1, 2022	17,102	11,415	(1,648)	54	—	(1,021)
Net profit for the period	—	—	—	—	—	—
Other comprehensive income (loss), net of tax	—	—	—	(57)	72	7,402
Total comprehensive Income (loss)	—	—	—	(57)	72	7,402
Issuance of new shares	15	15	—	—	—	—
Dividends	—	—	—	—	—	—
Purchase of treasury Stock	—	—	(1,000)	—	—	—
Disposition of treasury stock	—	—	32	—	—	—
Stock-based rewards	—	89	—	—	—	—
Expiry of share options	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	—	(72)	—
Total transactions with owners and other	15	104	(968)	—	(72)	—
Balance as of December 31, 2022	17,117	11,519	(2,616)	(3)	—	6,381

(Millions of yen)

	Equity attributable to owners of the parent			Retained earnings	Total	Non-controlling interests	Total equity
	Accumulated Other Comprehensive Income (Loss)		Total				
	Cash flow hedge	Hedge costs					
Balance as of January 1, 2022	(724)	313	(1,378)	27,844	53,335	34	53,369
Net profit for the period	—	—	—	(9,089)	(9,089)	4	(9,085)
Other comprehensive income (loss), net of tax	570	(112)	7,875	—	7,875	(3)	7,872
Total comprehensive income (loss)	570	(112)	7,875	(9,089)	(1,214)	1	(1,213)
Issuance of new shares	—	—	—	—	30	—	30
Dividends	—	—	—	(1,176)	(1,176)	—	(1,176)
Purchase of treasury Stock	—	—	—	—	(1,000)	—	(1,000)
Disposition of treasury stock	—	—	—	—	32	—	32
Stock-based rewards	—	—	—	—	89	—	89
Expiry of share options	—	—	—	—	—	—	—
Transfer to retained earnings	—	—	(72)	72	—	—	—
Total transactions with owners and other	—	—	(72)	(1,104)	(2,025)	—	(2,025)
Balance as of December 31, 2022	(154)	201	6,425	17,651	50,096	35	50,131

For the fiscal year ended December 31, 2023

(Millions of yen)

	Share capital	Capital surplus	Treasury stock	Accumulated Other Comprehensive Income (Loss)		
				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)	(3)	—	6,381
Net profit 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	—	—	—	—	—	—
Transfer to retained earnings	—	—	—	—	(37)	—
Total transactions with owners and other	—	98	—	—	(37)	—
Balance as of December 31, 2023	17,117	11,617	(2,616)	22	—	12,774

(Millions of yen)

	Equity attributable to owners of the parent				Total	Non-controlling interests	Total equity
	Accumulated Other Comprehensive Income (Loss)			Retained earnings			
	Cash flow hedge	Hedge costs	Total				
Balance as of January 1, 2023	(154)	201	6,245	17,651	50,096	35	50,131
Net profit 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	—	—	—	—	—	—	—
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

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the year ended December 31, 2022	For the year ended December 31, 2023
Cash flows from operating activities		
Profit before taxes (loss)	(9,648)	113
Depreciation and amortization	3,658	3,189
Impairment losses reversal of impairment losses	13,562	3,423
Increase (decrease) in net defined benefit liability	(230)	(134)
Interest and dividend income	(62)	(121)
Interest expense	1,112	1,189
Foreign exchange losses (gains)	(470)	(48)
(Gains) losses on sale of fixed assets	(801)	(30)
Decrease (increase) in trade and other receivables	(4,716)	(392)
Decrease (increase) in inventories	(4,979)	364
(Decrease) increase in trade and other payables	532	(1,651)
Other, net	697	(1,877)
Sub Total	(1,345)	4,025
Interest received	55	121
Dividend received	7	—
Interest paid	(1,089)	(1,173)
Income taxes paid	(1,764)	(1,568)
Net cash provided (used) in operating activities	(4,136)	1,405
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment	(5,538)	(4,720)
Proceeds from sale of property, plant and equipment	2,154	68
Payments for acquisition of intangible properties	(120)	(58)
Payments for acquisition of subsidiaries	—	(223)
Other, net	0	(0)
Net cash used in investing activities	(3,504)	(4,933)
Cash flows from financing activities		
Proceeds from short-term loans and borrowings	—	3,000
Repayments of short-term loans and borrowings	—	(3,126)
Proceeds from long-term loans and borrowings	9,700	—
Repayments of long-term loans and borrowings	(9,030)	(7,000)
Proceeds from issuance of bonds	—	10,020
Payments of lease liabilities	(320)	(383)
Proceeds from exercise of subscription rights	30	—
Proceeds from issuance of subscription rights	—	29
Cash dividends paid	(1,147)	(1,146)
Proceeds from sales of treasury stock	5	—
Payments for purchase of treasury stock	(1,000)	—
Net cash provided (used) in financing activities	(1,762)	1,394
Effect of exchange rate changes on cash and cash equivalents	997	980
Net (decrease) increase in cash and cash equivalents	(8,405)	(1,154)
Cash and cash equivalents at the beginning of the period	35,524	24,119
Increase & decrease of cash and cash equivalents due to new company consolidated	—	38
Cash and cash equivalents at the end of the period	24,119	23,003

(5) Notes on Going Concern Assumption  
Not applicable.

(Segment Information and Others)

(1) Basis of segmentation

The Group is composed of segments by product and service and there are “Precision component business” and “Linear business” as reporting segments.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, for which discrete financial information is available and is subject to regular review by the Chief Executive Officer of the Group for assessing performance and making resource allocation decisions.

The “Precision component business” segment engages in manufacturing and sales of several types of steel balls, rollers, cages and sheet metal parts. The “Linear business” segment engages in manufacturing and sales of ball screws and air blowers.

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 income before income taxes and is measured in the same manner as operating income in the consolidated statements of comprehensive income.

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

(2) Information on reporting segments

For the fiscal year ended December 31, 2022

(Millions of yen)

	Reporting segments		Other business	Total	Reconciling items	Consolidated financial statements
	Precision component business	Linear business				
Sales						
External sales	73,671	5,364	1	79,036	—	79,036
Inter-segment sales	5	—	29	34	(34)	—
Total consolidated sales	73,676	5,364	30	79,070	(34)	79,036
Segment profit	(5,457)	(3,628)	20	(9,065)	0	(9,065)
				Financial income		620
				Financial expense		(1,203)
				Profit before taxes		(9,648)

	Reporting segments		Other business	Total	Reconciling items	Consolidated financial statements
	Precision component business	Linear business				
Depreciation and amortization	(3,403)	(255)	—	(3,658)	—	(3,658)
Impairment losses	(9,546)	(4,016)	—	(13,562)	—	(13,562)
Segment assets	132,585	10,394	39	143,018	16,873	159,891
Capital expenditure	5,542	96	—	5,638	—	5,638

(Note) 1. The "Other" category is a business segment not included in the reportable segments and includes real estate rentals.

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. Impairment losses recorded in "Precision component business" segment is included in "Cost of sales", "Selling, general and administrative expenses" and "Other expenses".
4. Impairment losses recorded in "Linear business" segment is included in "Other expenses".

For the fiscal year ended December 31, 2023

(Millions of yen)

	Reporting segments		Other business	Total	Reconciling items	Consolidated financial statements
	Precision component business	Linear business				
Sales						
External sales	75,929	4,407	1	80,337	—	80,337
Inter-segment sales	2	—	29	31	(31)	—
Total consolidated sales	75,931	4,407	30	80,368	(31)	80,337
Segment profit	4,804	(3,972)	21	853	—	853
				Financial income		553
				Financial expense		(1,293)
				Profit before taxes		113

	Reporting segments		Other business	Total	Reconciling items	Consolidated financial statements
	Precision component business	Linear business				
Depreciation and amortization	(2,946)	(243)	—	(3,189)	—	(3,189)
Impairment losses	—	(3,423)	—	(3,423)	—	(3,423)
Segment assets	143,387	6,102	39	149,528	16,650	166,078
Capital expenditure	4,689	87	—	4,776	—	4,776

(Note) 1. The "Other" category is a business segment not included in the reportable segments and includes real estate rentals.

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. Impairment losses recorded in "Linear business" segment is included in "Cost of sales", "Selling, general and administrative expenses" and "Other expenses".

(Earnings per share)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Net profit for the period attributable to Owners of the parent (Millions of yen)	(9,089)	(1,287)
Net profit adjustment	—	—
Diluted net profit (Millions of yen)	(9,089)	(1,287)
Weighted average numbers of issued common shares	40,332,855	39,727,985
Impact of dilution		
Increase due to stock options	6,511	—
Increase due to BIP executive compensation trust	—	162,061
Weighted average numbers of issued common shares after dilution	40,332,855	39,890,046
Basic earnings per share (Yen)	(225.35)	(32.38)
Diluted earnings per share (Yen)	(225.35)	(32.38)

(Significant subsequent events)

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.. The Share Transfer is scheduled to take effect on December 10, 2024 pursuant to the Share Purchase Agreement.

As a result of this transaction, ball screws and ball ways manufacturing and selling business will be classified and disclosed as discontinued operations from the first quarter of the fiscal year ending December 2024.

## 1. Company Split

### (1) Purpose of the Transaction

The Company is specializing in the manufacture and sale of precision balls and rollers as well as ball screws and other mechanical parts. As a manufacturer, the top priority of the management is "safety, quality, and environment," and Torino group is committed to promoting business activities in harmony with nature by cooperating with the society and local communities. By steadily implementing its management strategies while promoting the provision of essential parts for EV and wind power generation towards the realization of a decarbonized society and accelerating global deployment of medical products to meet high quality healthcare needs in the wake of the COVID-19 pandemic and the aging population, the group aims to become a stellar corporation that realizes sustainable profitable growth and continues to create improvements in corporate value. Also, in order to achieve further increase of corporate value, Torino group has been working on the selection of business lines to achieve sustainable growth and to focus its management resources on the ceramic business and medical device business, which are the core of the Company's growth strategies.

Under these circumstances, the Company performed a careful consideration of the Target Business as part of the reorganization of its business portfolio and has decided to transfer the Target Business to MINEBEA MITSUMI Inc. under the conclusion that the expansion of the Target Business by fully leveraging the strengths of the Target Business, such as its technological advantages and strong relationships with customers is best achieved under MINEBEA MITSUMI Inc..

### (2) Name of NewCo

TN Linear Motion Co., Ltd.

### (3) Business of NewCo

Manufacture and sale of ball screws and ball ways

### (4) Method of the Company Split

The Company Split is an incorporation-type company split (simplified incorporation-type company split), in which the Company is the company splitting in an incorporation-type company split and NewCo is the company incorporated in an incorporation-type company split.

### (5) Date of establishment

December 10, 2024 (Plan)

## 2. Share Transfer

### (1) Name of the transferee of the Share Transfer

MINEBEA MITSUMI Co., Inc.

### (2) Date of the Share Transfer

December 10, 2024 (Plan)

### (3) Number of shares to be transferred and shareholding before and after the transfer

Number of shares held before the transfer: 1 share (100% ownership of voting rights)



Number of shares to be transferred: 1 share (100%)  
Number of shares held after the transfer: 0 shares (0% ownership of voting rights)

(4) Book value of the transfer business (Reference, as of December 31, 2023)

The amounts of assets and liabilities to be transferred will be determined on December 10, 2024.

As a reference, the amounts of sales, assets and liabilities for the transfer business based on the financial statements for the fiscal year ending December 2023 are as follows:

Sales: 3,252 million yen

Assets: 3,323 million yen

Liabilities: 1,139 million yen

(5) Impact on our financial statement of next fiscal year

In connection with the Transaction, the financial effect is insignificant on our consolidated forecast.