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# Consolidated Financial Results for the fiscal year ended December 31, 2025 Unaudited [IFRS]

February 13, 2026

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, Director, Representative Executive Officer, CEO
Contact: Yoichi Ueda, Director, Executive Officer, CFO
Phone: +81-6-6224-0193
Date of the ordinary general shareholder's meeting March 26, 2026
Filing date of securities report March 25, 2026
Payment date of cash dividend –
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, 2025 (January 1, 2025 to December 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 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| December 31, 2025 | 69,837 | (8.0) | (22,260) | – | (23,916) | – | (26,992) | – | (26,990) | – | (23,541) | – |
| December 31, 2024 | 75,921 | (1.5) | 814 | (83.8) | 1,747 | (59.1) | 912 | – | 912 | – | 7,946 | 55.6 |

| | Basic earnings per share | Diluted earnings per share | Return on equity (ROE) | Profit before taxes/Total assets | Operating profit margin |
|---|---|---|---|---|---|
| | Yen | Yen | % | % | % |
| December 31, 2025 | (697.02) | (697.02) | (54.7) | (14.7) | (31.9) |
| December 31, 2024 | 22.91 | (2.12) | 1.6 | 1.0 | 1.1 |

(Note) From the previous fiscal year, the manufacturing and sales business of ball screws and ball ways has been classified as a discontinued operation. As the result revenue, operating profit, and profit before tax are presented excluding the discontinued operation, and profit for the period and profit for the period attributable to the parent company are presented as the total of continuing operations and discontinued operations.

(Reference) EBITDA: Fiscal year ended December 31, 2025 : (1,778) million yen (- %)
Fiscal year ended December 31, 2024 : 4,058 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 |
| December 31, 2025 | 151,696 | 37,272 | 37,272 | 24.6 | 974.34 |
| December 31, 2024 | 174,721 | 61,508 | 61,472 | 35.2 | 1,543.02 |

(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 |
| December 31, 2025 | 10,519 | 1,123 | (1,300) | 34,633 |
| December 31, 2024 | 4,873 | (3,800) | (1,906) | 23,334 |

## 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 December 31, 2024 | — | 15.00 | — | 10.00 | 25.00 | 997 | 109.1 | 1.7 |
| Fiscal year ended December 31, 2025 | — | 0.00 | — | 0.00 | 0.00 | — | — | — |
| Fiscal year ending December 31, 2026 (Forecast) | — | 0.00 | — | 0.00 | 0.00 | | 0.0 | |

## 3. Consolidated Financial Results Forecast for the fiscal year ending December 31, 2026 (January 1, 2026 to December 31, 2026)

(% 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 | 70,000 | 0.2 | 2,500 | — | 1,100 | — | 500 | — | 12.91 |

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 TN Linear Motion Inc. and TN TAIWAN 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, 2025: 41,599,600 shares

December 31, 2024: 41,599,600 shares

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

December 31, 2025: 3,346,658 shares

December 31, 2024: 1,760,958 shares

3) Average number of shares during the period:

Twelve months ended December 31, 2025: 38,722,238 shares

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

**(Reference) Non-Consolidated Financial Results for the fiscal year ended December 31, 2025 (January 1, 2025 to December 31, 2025)**

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 | % |
| December 31, 2025 | 17,447 | 13.9 | (1,401) | — | (1.757) | — | (1,549) | — |
| December 31, 2024 | 15,311 | 19.5 | (2,809) | — | (398) | — | 3,297 | — |

| | Basic earnings per share | Diluted earnings per share |
|---|---|---|
| | Yen | Yen |
| December 31, 2025 | (40.00) | — |
| December 31, 2024 | 82.83 | 59.63 |

2) Financial Position

| | Total assets | Total equity | Ratio of equity | Equity per share |
|---|---|---|---|---|
| | Million yen | Million yen | % | Yen |
| December 31, 2025 | 166,044 | 28,653 | 17.2 | 748.29 |
| December 31, 2024 | 169,283 | 31,196 | 18.4 | 782.33 |

(Reference) Shareholders' equity:

Fiscal year ended December 31, 2025: 28,624 million yen

Fiscal year ended December 31, 2024: 31,166 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 6 of the attached materials for details regarding the above forecasts.

1. Qualitative Information on Financial Results

(1) Explanation of Business Results

During the consolidated fiscal year under review, the global economy remained resilient, supported by easing inflation, solid personal consumption in the United States, and growth in emerging economies such as India, despite concerns over downside risks stemming from the adverse effects of the United States trade policies and rising geopolitical risks in the Middle East.

The domestic economy maintained a moderate recovery trend, backed by improvements in the employment and income environment and an increase in inbound demand, although some impacts from the United States trade policies were observed. However, there remain concerns about potential economic downturn risks due to sluggish personal consumption amid rising prices and the deterioration of relations with China.

Under these circumstances, the Group has been implementing initiatives under the six pillars of value creation based on the strategies set forth in the medium-term management plan announced in February 2025. Nevertheless, results were significantly lower than the previous year due to the deterioration of the business environment caused by the slowdown of the automotive industry in Europe and intensified price competition with Chinese ball manufacturers and others in the ceramic business.

The Company resolved at a meeting of the Board of Directors held on February 9, 2024, to transfer the manufacturing and sales business of ball screws and ball ways to Minebea Mitsumi Inc., and entered into a share transfer agreement on the same date. In connection with this transaction, the manufacturing and sales business of ball screws and ball ways had been classified as a discontinued operation since the previous consolidated fiscal year, and the transfer was completed on October 3, 2025.

The Group's performance for the current period is reported primarily based on figures from continuing operations, excluding discontinued operations.

Sales for the fiscal year amounted to 69,837 million yen, representing 8.0% decrease year-on-year. This was mainly due to significantly lower sales in the European region and a global decline in sales of ceramic balls and rollers, reflecting the prolonged slowdown in the automotive industry and a decline in market share caused by intensified price competition. On the profit side, although the Group has been working to reduce procurement and production costs as one of the initiatives under the medium-term management plan announced on February 17, 2025, profits were pressured by the decrease in sales, intensified price competition with competitors, and rising personnel and other costs. In addition, as part of structural reforms, the Group reviewed its inventory assessment and management framework. Amid changes in the business environment surrounding the European region and ceramic balls, an inventory valuation loss of 6,516 million yen was recognized mainly on inventories scheduled for disposal held by the United States operations and the ceramic business.

Furthermore, due to changes in the business environment, the Group reassessed the future cash flows of the Precision Components Business and recognized impairment losses on property, plant and equipment and goodwill of 16,696 million yen. As a result, operating profit decreased by 23,074 million yen compared with the previous fiscal year, resulting in an operating loss of 22,260 million yen.

Net profit attributable to owners of the parent decreased by 27,902 million yen compared with the previous fiscal year, resulting in a net loss of 26,990 million yen.

Although the business environment surrounding the Group during the consolidated fiscal year under review remained extremely challenging, the European operations continue to be positioned as an important business base for the Group, and we will promote proactive structural reforms and strategic shifts in response to changes in the business environment. In addition, in the ceramic business, the expansion of the electric vehicle (EV) market did not proceed at the pace initially expected, and the competitive environment remains severe. Nevertheless, this business continues to be positioned as a growth area for the Company, and we will aim for a recovery through the introduction of new products and the development of new markets.

<Results by Business Segment >

Precision Components Business

Sales for the Precision Components Business decreased by 8.2% year-on-year to 68,924 million yen, mainly due

to the prolonged downturn in the automotive industry and intensified price competition, which led to a decline in market share and lower sales in Europe as well as a significant drop in global sales of ceramic balls and rollers.

Segment profit decreased by 23,058 million yen compared with the previous fiscal year, resulting in a segment loss of 22,426 million yen. This was primarily due to decreased sales, intensified competition, and rising labor costs, in addition to the recognition of an inventory valuation loss of 6,516 million yen and impairment losses on property, plant and equipment and goodwill of 16,696 million yen.

Blower & Real Estate Business

Sales for the Blower & Real Estate Business increased by 11.3% year-on-year to 913 million yen.

Segment profit declined by 8.0% year-on-year to 166 million yen due to rising labor costs.

(2) Explanation of Financial Position

Total assets at the end of the current fiscal year decreased by 23,025 million yen from the end of the previous fiscal year to 151,696 million yen. This was mainly due to a decrease of 15,084 million yen in intangible assets and goodwill following the recognition of impairment losses after reassessing the recoverability of goodwill in light of the challenging business environment in Europe and changes in the competitive environment of the ceramic business. Inventories decreased by 10,352 million yen due to the recognition of inventory valuation losses in the United States and the ceramic business. Assets held for sale decreased by 3,450 million yen following the sale of the manufacturing and sales business of ball screws and ball ways. Deferred tax assets decreased by 2,413 million yen due to the reversal of deferred tax assets in the United States following a revision of business plans, and trade and other receivables decreased by 2,098 million yen. These decreases were partially offset by an increase of 11,573 million yen in cash and cash equivalents.

Total liabilities increased by 1,211 million yen from the end of the previous fiscal year to 114,424 million yen. This was mainly due to an increase of 919 million yen in deferred tax liabilities following a revision of the dividend policy of subsidiaries, and an increase of 1,125 million yen in other non-current liabilities.

Total equity decreased by 24,236 million yen from the end of the previous fiscal year to 37,272 million yen. This was mainly due to a decrease of 27,298 million yen in retained earnings, despite an increase of 3,925 million yen in other components of equity, such as foreign currency translation adjustments.

(3)Analysis of Status of Cash Flows

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

Net cash provided by operating activities amounted to 10,519 million yen. Major factors are impairment losses of 16,696 million yen, a decrease in inventories of 12,685 million yen and trade and other receivables of 2,675 million yen, depreciation and amortization of 3,798 million yen offset loss before taxes of 23,916 million yen.

Net cash provided by investing activities amounted to 1,123 million yen. Mainly due to proceeds of 2,048 million yen from the sale of business and proceeds of 777 million yen from the sale of property, plant and equipment offset payments of 1,872 million yen for purchase of property, plant and equipment,

Net cash used in financing activities amounted to 1,300 million yen, mainly due to payments of 603 million yen for acquisition of treasury stock and dividends of 378 million yen.

After adding translation adjustments of 957 million yen, mainly due to the appreciation of the United States dollar and the euro during the fiscal year, cash and cash equivalents at the end of the fiscal year totaled 34,633 million yen, an increase of 11,299 million yen from the end of the previous fiscal year.

(Reference) Cash flow-related financial indicators

| | Fiscal year ended December 31, 2024 | Fiscal year ended December 31, 2025 |
|---|---|---|
| Ratio of equity attributable to owners of the parent (%) | 35.2 | 24.6 |
| Ratio of equity attributable to owners of the parent at market value (%) | 10.8 | 8.9 |
| Ratio of interest-bearing liabilities to cash flows (%) | 1,921.8 | 902.9 |
| Interest coverage ratio (times) | 3.3 | 6.6 |

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. It is also affected by shifts in trade policies in major countries and rising geopolitical risks.

For the fiscal year ending December 31, 2026, the business environment surrounding the Group is expected to remain challenging, particularly in Europe and in the ceramic business.

Under these circumstances, the Group will work to expand market share in the ceramic business through the introduction of new products, promote value creation initiatives set forth in the medium-term management plan announced in February 2025, and pursue further cost reductions.

Under the above assumptions, sales for the fiscal year are expected to be 70.0 billion yen, while operating profit is forecasted to be 2.5 billion yen. Profit before tax is expected to be 1.1 billion yen, and net profit attributable to owners of the parent company is forecasted to be 0.5 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 145 yen per USD, 170 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.

The Company has formulated a medium-term management plan covering the five-year period from the fiscal year ended December 31, 2025, to the fiscal year ending December 31, 2029, which was announced in February 2025. Amid intensified competition and a sluggish market, the Company has experienced a significant decline in profitability and continued failure to achieve its earnings targets. Under the medium-term management plan, the Company has set a goal of implementing a fundamental transformation of the business and cost structure to establish a framework capable of generating cash flow.

In the first half of the medium-term management plan period, the Company will position this phase as a foundation-building period for future growth and higher profitability, focusing on implementing cost and growth strategies and generating cash flow. 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 policy and the financial performance for the consolidated fiscal year under review, the Company has decided not to pay dividends for the current fiscal year. In addition, for the fiscal year ending December 2026, the Company plans not to pay dividends, giving priority to strengthening its financial base through the accumulation

of internal reserves.

The Company will strive to stabilize its financial base and restore its ability to generate sustainable cash flow, and will work toward resuming shareholder returns after comprehensively considering future business performance and financial conditions.

(6) Significant Events Regarding Going Concern Assumption

During the consolidated fiscal year under review, the Group recognized an inventory valuation loss of 6,516 million yen on inventories scheduled for disposal following a review of inventory assessment and management systems as part of structural reforms. In addition, impairment losses of 16,696 million yen were recognized on property, plant and equipment and goodwill as a result of reassessing the future cash flows of the Precision Components Business.

As a result of these losses, the Group recorded an operating loss for the fiscal year. At the end of the current fiscal year, the Group is in breach of certain financial covenants attached to syndicated loan agreements and other financing arrangements with financial institutions. The Group has undertaken procedures to request that the relevant financial institutions refrain from exercising their right to demand acceleration of the loans due to such breaches. As of the date of submission of this earnings report, consents have been obtained for all loan agreements. In addition, discussions have commenced regarding the refinancing of certain borrowings maturing in the next fiscal year, and no significant disruption to the Company's funding plan is expected.

Based on the above, the Company has concluded that no material uncertainty exists regarding the going concern assumption.

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.Condensed Interim Consolidated Financial Statements

### (1) Condensed Interim Consolidated Statements of Financial Position

(Millions of yen)

| | As of December 31, 2024 | As of December 31, 2025 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 23,060 | 34,633 |
| Trade and other receivables, net | 20,685 | 18,587 |
| Inventories | 36,078 | 25,726 |
| Other current assets | 1,690 | 9,145 |
| Subtotal | 81,513 | 88,091 |
| Assets held for sale | 3,450 | – |
| Total current assets | 84,963 | 88,091 |
| Non-current assets | | |
| Property, plant and equipment, net | 36,695 | 36,224 |
| Intangible assets, net and goodwill | 41,511 | 26,427 |
| Other investments | 251 | 44 |
| Deferred tax assets | 3,097 | 684 |
| Other non-current assets | 8,204 | 226 |
| Total non-current assets | 89,758 | 63,605 |
| Total assets | 174,721 | 151,696 |
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 6,366 | 6,991 |
| Current portion of borrowings | 11,356 | 71,995 |
| Income taxes payable | 1,787 | 693 |
| Other current liabilities | 6,459 | 7,115 |
| Subtotal | 25,968 | 86,794 |
| Liabilities directly associated with assets held for sale | 780 | – |
| Total current liabilities | 26,748 | 86,794 |
| Non-current liabilities | | |
| Bonds and borrowings, excluding current portion | 81,294 | 20,849 |
| Net defined benefit liability | 2,176 | 1,742 |
| Deferred tax liabilities | 1,409 | 2,328 |
| Other non-current liabilities | 1,586 | 2,711 |
| Total non-current liabilities | 86,465 | 27,630 |
| Total liabilities | 113,213 | 114,424 |
| Equity | | |
| Share capital | 17,117 | 17,117 |
| Capital surplus | 11,317 | 11,332 |
| Treasury stock | (2,298) | (2,901) |
| Other components of equity | 19,611 | 23,536 |
| Other components of equity related to disposal groups classified as held for sale | 239 | – |
| Retained earnings | 15,486 | (11,812) |
| Equity attributable to owners of the parent | 61,472 | 37,272 |
| Non-controlling interests | 36 | – |
| Total equity | 61,508 | 37,272 |
| Total liabilities and equity | 174,721 | 151,696 |

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

(Millions of yen)

| | For the year ended December 31, 2024 | For the year ended December 31, 2025 |
|---|---|---|
| Continuing Operations | | |
| Sales | 75,921 | 69,837 |
| Cost of sales | 65,403 | 66,590 |
| Gross profit | 10,518 | 3,247 |
| Selling, general and administrative expenses | 9,354 | 11,014 |
| Other income | 198 | 622 |
| Other expenses | 548 | 15,115 |
| Operating profit(loss) | 814 | (22,260) |
| Financial income | 2,493 | 341 |
| Financial expenses | 1,560 | 1,997 |
| Profit before taxes (loss) | 1,747 | (23,916) |
| Income tax expense | 647 | 2,868 |
| Net profit for the period of continued operations (loss) | 1,100 | (26,784) |
| Discontinued Operations | | |
| Net profit for the period of discontinued operations (loss) | (188) | (208) |
| Net profit for the period (loss) | 912 | (26,992) |
| Net profit for the period attributable to: | | |
| Owners of the parent (loss) | 912 | (26,990) |
| Non-controlling interests (loss) | (0) | (2) |
| Net profit for the period (loss) | 912 | (26,992) |
| Other comprehensive income | | |
| Items that will not be reclassified to profit or loss | | |
| Financial assets measured at FVOCI | (17) | 30 |
| Remeasurements of defined benefit plans | (37) | 58 |
| Total items that will not be reclassified to profit or loss | (54) | 88 |
| Items that may subsequently be reclassified to profit or loss | | |
| Foreign currency translation differences | 6,863 | 3,353 |
| Cash flow hedges | 327 | 70 |
| Hedge costs | (102) | (60) |
| Total items that may subsequently be reclassified to profit or loss | 7,088 | 3,363 |
| Other comprehensive income(loss), net of tax | 7,034 | 3,451 |
| Total comprehensive income (loss) | 7,946 | (23,541) |
| Total comprehensive income attributable to. | | |
| Owners of the parent | 7,945 | (23,505) |
| Non-controlling interests | 1 | (36) |
| Total comprehensive income (loss) | 7,946 | (23,541) |

| | For the year ended December 31, 2024 | For the year ended December 31, 2025 |
|---|---|---|
| Earnings per share attributable to owners of the parent | | |
| Basic earnings per share (yen) | | |
| Continuing operations | 27.64 | (691.69) |
| Discontinued operations | (4.73) | (5.32) |
| Basic earnings (loss) per share | 22.91 | (697.02) |
| Diluted earnings (loss) per share (yen) | | |
| Continuing operations | 1.29 | (691.69) |
| Discontinued operations | (3.41) | (5.32) |
| Diluted earnings (loss) per share | (2.12) | (697.02) |

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

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 | Stock acquisition rights | Financial assets measured at FVOCI | Remeasurements of defined benefit plans | Foreign currency translation differences | Cash flow hedge |
| Balance as of January 1, 2024 | 17,117 | 11,617 | (2,616) | 0 | 22 | — | 12,774 | (191) |
| Net profit for the period (loss) | — | — | — | — | — | — | — | — |
| Other comprehensive income | — | — | — | — | (17) | (37) | 6,862 | 327 |
| Total comprehensive Income | — | — | — | — | (17) | (37) | 6,862 | 327 |
| Dividends | — | — | — | — | — | — | — | — |
| Acquisition of treasury stock | — | — | — | — | — | — | — | — |
| Disposition of treasury stock | — | — | 318 | — | — | — | — | — |
| Stock-based rewards | — | (300) | — | — | — | — | — | — |
| Other components of equity related to disposal groups held for sale | — | — | — | — | — | — | (239) | — |
| Expiration of stock acquisition rights | — | — | — | (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 | 136 |

(Millions of yen)

| | Equity attributable to owners of the parent | | | | | | |
|---|---|---|---|---|---|---|---|
| | Other components equity | | Other components of equity related to disposal groups classified as held for sale | Retained earnings | Total | Non-controlling interests Total | Total equity |
| | Hedge costs | Total | | | | | |
| Balance as of January 1, 2024 | 175 | 12,780 | — | 15,209 | 54,107 | 35 | 54,142 |
| Net profit for the period (loss) | — | — | — | 912 | 912 | (0) | 912 |
| Other comprehensive income | (102) | 7,033 | — | — | 7,033 | 1 | 7,034 |
| Total comprehensive income | (102) | 7,033 | — | 912 | 7,945 | 1 | 7,946 |
| Dividends | — | — | — | (598) | (598) | — | (598) |
| Acquisition of treasury stock | — | — | — | — | — | — | — |
| Disposition of treasury stock | — | — | — | — | 318 | — | 318 |
| Stock-based rewards | — | — | — | — | (300) | — | (300) |
| Other components of equity related to disposal groups held for sale | — | (239) | 239 | — | — | — | — |
| Expiration of stock acquisition rights | — | (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 | 73 | 19,611 | 239 | 15,486 | 61,472 | 36 | 61,508 |

For the fiscal year ended December 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 FVOCI | Remeasurements of defined benefit plans | Foreign currency translation differences | Cash flow hedge |
| Balance as of January 1, 2025 | 17,117 | 11,317 | (2,298) | — | 5 | — | 19,397 | 136 |
| Net profit for the period (loss) | — | — | — | — | — | — | — | — |
| Other comprehensive income | — | — | — | — | 30 | 58 | 3,387 | 70 |
| Total comprehensive Income | — | — | — | — | 30 | 58 | 3,387 | 70 |
| Dividends | — | — | — | — | — | — | — | — |
| Acquisition of treasury stock | — | — | (603) | — | — | — | — | — |
| Disposition of treasury stock | — | — | — | — | — | — | — | — |
| Stock-based rewards | — | 15 | — | — | — | — | — | — |
| Other components of equity related to disposal groups held for sale | — | — | — | — | — | — | 239 | — |
| Transfer to retained earnings | — | — | — | — | (32) | (58) | — | — |
| Reclassification from financial liabilities | — | — | — | 291 | — | — | — | — |
| Total transactions with owners and other | — | 15 | (603) | 291 | (32) | (58) | 239 | — |
| Balance as of December 31, 2025 | 17,117 | 11,332 | (2,901) | 291 | 3 | — | 23,023 | 206 |

(Millions of yen)

| | Equity attributable to owners of the parent | | | | | Non-controlling interests Total | Total equity |
|---|---|---|---|---|---|---|---|
| | Other components equity | | Other components of equity related to disposal groups classified as held for sale | Retained earnings | Total | | |
| | Hedge costs | Total | | | | | |
| Balance as of January 1, 2025 | 73 | 19,611 | 239 | 15,486 | 61,472 | 36 | 61,508 |
| Net profit for the period(loss) | — | — | — | (26,990) | (26,990) | (2) | (26,992) |
| Other comprehensive income | (60) | 3,485 | — | — | 3,485 | (34) | (3,451) |
| Total comprehensive income | (60) | 3,485 | — | (26,990) | (23,505) | (36) | (23,541) |
| Dividends | — | — | — | (398) | (398) | — | (398) |
| Acquisition of treasury stock | — | — | — | — | (603) | — | (603) |
| Disposition of treasury stock | — | — | — | — | — | — | — |
| Stock-based rewards | — | — | — | — | 15 | — | 15 |
| Other components of equity related to discontinued operation for sale | — | 239 | (239) | — | — | — | — |
| Transfer to retained earnings | — | (90) | — | 90 | — | — | — |
| Reclassification from financial liabilities | — | 291 | — | — | 291 | — | 291 |
| Total transactions with owners and other | — | 440 | (239) | (308) | (695) | — | (695) |
| Balance as of December 31, 2025 | 13 | 23,536 | — | (11,812) | 37,272 | — | 37,272 |

(4) Condensed Interim Consolidated Statements of Cash Flows

(Millions of yen)

| | For the year ended December 31, 2024 | For the year ended December 31, 2025 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before taxes (loss) | 1,747 | (23,916) |
| (Loss) before tax from discontinue operations | (187) | (215) |
| Depreciation and amortization | 3,257 | 3,798 |
| Impairment loss | — | 16,696 |
| Increase (decrease) in net defined benefit liability | 344 | (936) |
| Interest and dividend income | (242) | (257) |
| Interest expense | 1,460 | 1,593 |
| Foreign exchange (gains) losses | (1,783) | (197) |
| (Gains) losses on sale of fixed assets | (20) | (367) |
| Decrease (increase) in trade and other receivables | 3,286 | 2,675 |
| Decrease (increase) in inventories | 1,766 | 12,685 |
| (Decrease) increase in trade and other payables | (1,039) | 137 |
| Other, net | (467) | 181 |
| Subtotal | 8,122 | 11,877 |
| Interest received | 242 | 257 |
| Interest paid | (1,461) | (1,117) |
| Income taxes paid | (2,030) | (498) |
| Net cash provided in operating activities | 4,873 | 10,519 |
| Cash flows from investing activities | | |
| Payments for acquisition of property, plant and equipment | (3,708) | (1,872) |
| Proceeds from sale of property, plant and equipment | 32 | 777 |
| Payments for acquisition of intangible assets | (123) | (66) |
| Proceeds from the sale of business (net of cash and cash equivalents disposed) | — | 2,048 |
| Other, net | (1) | 236 |
| Net cash provided (used) in investing activities | (3,800) | 1,123 |
| Cash flows from financing activities | | |
| Payment of short-term loans and borrowings | (5,000) | — |
| Incomes of long-term loans and borrowings | 3,960 | — |
| Payments of lease liabilities | (339) | (319) |
| Cash dividends paid | (569) | (378) |
| Proceeds from sales of treasury stock | 42 | — |
| Payments for acquisition of treasury stock | — | (603) |
| Net cash provided (used) in financing activities | (1,906) | (1,300) |
| Effect of exchange rate changes on cash and cash equivalents | 1,164 | 957 |
| Net (decrease) increase in cash and cash equivalents | 331 | 11,299 |
| Cash and cash equivalents at the beginning of the period | 23,003 | 23,334 |
| Cash and cash equivalents at the end of the period | 23,334 | 34,633 |

(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, 2025, 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 312 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.

(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’. ‘Precision Components Business’ manufactures and sells precision balls, rollers, retainers, and sheet metal parts. ‘Blower & Real Estate Business’ manufactures, sells, and maintains blowers, fans, and other air-moving equipment, as well as leases real estate. Also, amounts for the previous consolidated fiscal year and the current consolidated fiscal year exclude discontinued operations.

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.

Segment information is prepared in accordance with the same accounting policies as the condensed consolidated financial statements. Operating profit for each segment is calculated by adding financial income and financial expenses to profit before taxes, and is measured using the same method as operating profit 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) Segment Information

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 that are not allocated to each reporting segment.

2. 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, 2025 (Millions of yen)

| | Reporting segments | | Total | Reconciling items | Consolidated financial statements |
|---|---|---|---|---|---|
| | Precision Component Business | Blower & Real Estate Business | | | |
| Sales | | | | | |
| External sales | 68,924 | 913 | 69,837 | — | 69,837 |
| Inter-segment sales | — | — | — | — | — |
| Total consolidated sales | 68,924 | 913 | 69,837 | — | 69,837 |
| Segment profit | (22,426) | 166 | (22,260) | — | (22,260) |
| | | | Financial income | | 341 |
| | | | Financial expense | | (1,997) |
| | | | Profit before taxes (loss) | | (23,916) |

| | Reporting segments | | Total | Reconciling items | Consolidated financial statements |
|---|---|---|---|---|---|
| | Precision Component Business | Blower & Real Estate Business | | | |
| Depreciation and amortization | (3,715) | (23) | (3,738) | — | (3,738) |
| Impairment losses | (16,696) | — | (16,696) | — | (16,696) |
| Segment assets | 127,605 | 1,423 | 129,028 | 22,668 | 151,696 |
| Capital expenditure | 1,843 | 39 | 1,882 | — | 1,882 |

(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. Impairment losses recorded in “Precision Component 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, 2024 | For the fiscal year ended December 31, 2025 |
|---|---|---|
| Net profit (loss) for the period attributable to Owners of the parent (Millions of yen) | 912 | (26,990) |
| Continuing operations | 1,100 | (26,784) |
| Discontinued operations | (188) | (206) |
| Net profit adjustment used for calculating diluted earnings per share | (1,029) | — |
| Diluted net profit (loss) (Millions of yen) | (117) | (26,990) |
| Continuing operations | 71 | (26,784) |
| Discontinued operations | (188) | (206) |
| Weighted average numbers of issued common shares (Share) | 39,810,477 | 38,722,238 |
| Increase in common shares used for calculating diluted earnings per share | | |
| Increase due to BIP executive compensation trust | 147,508 | — |
| Increase due to ESOP compensation trust | — | — |
| Increase due to share acquisition rights and convertible bonds | 15,274,540 | — |
| Weighted average numbers of issued common shares after dilution | 55,232,525 | 38,722,238 |
| Basic earnings (loss) per share (Yen) | 22.91 | (697.02) |
| Continuing operations | 27.64 | (691.69) |
| Discontinued operations | (4.73) | (5.32) |
| Diluted earnings (loss) per share (Yen) | (2.12) | (697.02) |
| Continuing operations | 1.29 | (691.69) |
| Discontinued operations | (3.41) | (5.32) |

(Note) 1. Basic earnings per share (loss) is calculated by dividing net profit (loss) attributable to owners of the parent by the weighted average number of issued common shares during the fiscal year.
2. In the calculation of basic earnings (loss) per share and diluted earnings (loss) per share, shares held by the trust account related to the BIP executive compensation trust and ESOP compensation trust are treated as treasury shares, and thus, they are deducted from the weighted average number of common shares during the period.
3. The manufacturing and sales business of ball screws and ball ways had been classified as a discontinued operation since the previous consolidated fiscal year. The determination of whether dilution occurs is based on net profit (loss) from continuing operations.
4. Diluted earnings (loss) per share are calculated by adjusting the weighted average number of ordinary shares outstanding, assuming the conversion of all dilutive potential ordinary shares. During the consolidated fiscal year under review, the Company had shares related to the BIP executive compensation trust, the ESOP share grant trust, and share acquisition rights and bonds with share acquisition rights. However, these instruments are not included in the calculation of diluted earnings (loss) per share as they would reduce the loss per share and therefore have no dilutive effect.

(Significant subsequent events)
Not applicable.