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Consolidated Financial Results for the fiscal year ended December 31, 2021 Unaudited [IFRS]



February 15, 2022

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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Date of the ordinary general shareholder's meeting March 24, 2022

Payment date of cash dividend March 25, 2022

Filing date of securities report March 25, 2022

Availability of supplementary briefing material on financial results: Available

Schedule of financial results briefing session: Scheduled

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

1. Consolidated Financial Results for the fiscal year ended December 31, 2021 (January 1, 2021 to December 31, 2021)

(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, 2021	67,926	30.6	5,816	61.1	5,008	94.7	3,556	89.7	3,554	89.4	9,683	719.6
Dec. 31, 2020	52,024	(19.4)	3,611	(55.9)	2,572	(64.3)	1,874	(61.7)	1,877	(61.6)	1,180	(66.4)

	Basic earnings per share		Diluted earnings per share		Return on equity (ROE)		Profit before taxes/Total assets		Operating profit margin	
	Yen		Yen		%		%		%	
Dec. 31, 2021	88.04		87.37		7.3		3.5		8.6	
Dec. 31, 2020	46.64		46.64		4.1		1.9		6.9	

(Reference) EBITDA: Fiscal year ended December 31, 2021: 9,224 million yen (up 32.6%)

Fiscal year ended December 31, 2020: 6,953 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	Equity per share attributable to owners of the parent
	Million yen	Million yen	Million yen	%	Yen
As of Dec. 31, 2021	157,174	53,369	53,335	33.9	1,315.19
As of Dec. 31, 2020	130,466	44,712	44,683	34.2	1,115.22

(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, 2021	6,265	(2,281)	12,945	32,524
Dec. 31, 2020	2,222	(1,272)	(2,745)	14,987

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 ending Dec. 31, 2020	—	10.00	—	14.00	24.00	968	51.5	2.1
Fiscal year ending Dec. 31, 2021	—	28.00	—	16.00	44.00	1,787	50.3	3.6
Fiscal year ending Dec. 31, 2022 (Forecast)					30.00		50.2	

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, 2022 (January 1, 2022 to December 31, 2022)

(% 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	77,000	13.4	5,650	(2.9)	4,555	(9.0)	2,432	(31.6)	59.75

Due to the spread of the Omicron strain of the new coronavirus and the expected impact on sales, production, and the supply chain, such as a reduction in automobile production due to the shortage of semiconductors, the Company has decided not to provide an interim forecast, which is difficult to calculate rationally, 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: No
 - 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, 2021: 41,571,500 shares
 - December 31, 2020: 41,086,200 shares
 - 2) Total number of treasury shares at the end of the period:
 - December 31, 2021: 1,019,286 shares
 - December 31, 2020: 1,020,399 shares
 - 3) Average number of shares during the period:
 - Fiscal year ended December 31, 2021: 40,372,264 shares
 - Fiscal year ended December 31, 2020: 40,237,815 shares

(Reference) Non-Consolidated Financial Results for the fiscal year ended December 31, 2021
(January 1, 2021 to December 31, 2021)

(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, 2021	12,887	24.4	(787)	—	259	(68.0)	419	36.8
Dec. 31, 2020	10,356	(39.6)	(1,264)	—	809	(67.4)	306	(92.4)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Dec. 31, 2021	10.39	—
Dec. 31, 2020	7.62	—

(2) Financial Position

	Total assets	Total equity	Ratio of equity	Equity per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2021	120,423	30,888	25.6	761.69
As of Dec. 31, 2020	106,092	31,409	29.6	783.94

(Reference) Shareholder equity: Fiscal year ended December 31, 2021: 30,888 million yen
Fiscal year ended December 31, 2020: 31,409 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.

1. Qualitative Information on Financial Results

(1) Explanation of Business Results

During the fiscal year, while the global impact of the new coronavirus infection continued, economic activities were in a moderate recovery trend globally due to the spread of vaccines and other factors, and the economy continued to be normalized in Europe, the United States, and Japan following China.

On the other hand, the outlook for the future remains uncertain due to the re-emergence of new coronavirus infections caused by the emergence of mutant Delta and Omicron strains, production cutbacks in automobile manufacturing due to the global shortage of semiconductors, and soaring energy prices.

In this context, the Group has made the Mid-Term Strategy "Transform Next 2023," which covers the three-year period from the current fiscal year to the fiscal year ending December 31, 2023 and has been promoting initiatives to become a sustainable and highly profitable company.

Under these circumstances, sales increased 30.6% year on year to 67,926 million yen due to steady demand for machine tools as a result of positive capital investment in the manufacturing industry in general and demand for ceramic balls as a result of the accelerating shift to EVs in the automobile market.

On the profit front, operating income increased 61.1% year on year to 5,816 million yen due to the following factors: (1) the recording of 500 million yen in other expenses as compensation against defects in some products delivered to specific customers, and (2) the impact of a temporary profit adjustment caused by inadequate inventory monitoring and evaluation, despite the increase in sales and cost improvement. Net income attributable to owners of the parent increased 89.4% year on year to 3,554 million yen.

We will conduct our business steadily to achieve our Mid-Term Strategy that started in 2021, and faithfully implement "Precision for a changing world" (We will respond to changes in societal needs with precision processing technology.) to provide better corporate value to our customers.

The segment performance is as follows.

Precision Components Business

In this segment, we manufacture and sell precision balls and rollers mainly used as important components of bearings. Bearings using precision balls or rollers are widely used in automobiles, machine tools and other industrial machines. During this fiscal year, there was an expansion in demand for machine tools and an increase in production of EVs due to positive capital investment.

Sales of the Precision Components Business increased 30.0% year on year to 62,843 million yen. Segment profit (operating profit) increased 49.8% year on year to 5,136 million yen.

Linear Business

In this segment, we manufacture and sell ball screws and large blowers, which are mainly used in machine tools, etc. During this fiscal year, demand for machine tools was strong.

Sales of the Linear Business increased 37.6% year on year to 5,082 million yen. Segment profit (operating profit) increased 311.4% year on year to 662 million yen.

Other Business

Sales of Other Businesses is the same amount as previous fiscal year on year to 1 million yen. Segment profit (operating profit) decreased 12.8% year on year to 18 million yen.

(2) Explanation of Financial Position

Total assets at the end of the current fiscal year increased by 26,708 million yen from the end of the previous fiscal year to 157,174 million yen. This was mainly due to an increase in cash and cash equivalents by 17,537 million yen as a result of fundraising through subordinated syndicated loans and subordinated bonds in order to

strengthen our financial position and maintain and improve capital efficiency under our Mid-Term Strategy covering the three-year period ending December 31, 2023.

Total liabilities increased by 18,051 million yen from the end of the previous fiscal year to 103,805 million yen. This was mainly due to an increase in bonds and loans as a result of fundraising through subordinated syndicated loan and subordinated bonds.

Total equity increased by 8,657 million yen from the end of the previous fiscal year to 53,369 million yen. This was mainly due to an increase of 1,897 million yen in retained earnings and 6,088 million yen in other components of equity, including foreign currency translation adjustments.

(3) Analysis of Status of Cash Flows

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

Net cash provided by operating activities amounted to 6,265 million yen, mainly due to increase income before income taxes. Net cash used for investing activities amounted to 2,281 million yen, mainly due to payments for the acquisition of fixed assets. Net cash provided by financing activities amounted to 12,945 million yen. The main factor was the procurement of funds of 20,000 million yen through the issuance of subordinated syndicated loans and subordinated bonds in order to strengthen our medium- to long-term financial position. As a result, cash and cash equivalents at the end of this fiscal year totaled 32,524 million yen, an increase of 17,537 million yen from the end of the previous fiscal year, after the addition of 608 million yen in translation adjustments resulting from the appreciation of the US dollar and the Chinese yuan during the period.

(Reference) Cash flow-related financial indicators

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Ratio of equity attributable to owners of the parent (%)	34.2	33.9
Ratio of equity attributable to owners of the parent at market value (%)	34.5	37.9
Ratio of interest-bearing liabilities to cash flows (%)	3,099.2	1,197.3
Interest coverage ratio (times)	2.7	6.9

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.

For the consolidated financial forecast for the fiscal year ending December 31, 2022 (January 1, 2022 through December 31, 2022), we plan to integrate all European roller business functions, meaning the business transfer from the Netherlands to Bosnia and expects to incur 3,000 million yen in restructuring costs and profit & loss deterioration due to the temporary suspension of production. As a result, we forecast sales of 77,000 million yen, operating income of 5,650 million yen, and net income attributable to owners of the parent of 2,432 million yen.

Since the spread of the Omicron strain of the new coronavirus is expected to have an impact on sales, production, and the supply chain, including the reduction of automobile production due to the shortage of semiconductors, we have decided not to make a forecast for the interim period, which is difficult to calculate rationally, but only for the full year. The assumed exchange rates are 111 yen to the dollar, 131 yen to the euro, and 17.1 yen to the Chinese yuan.

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

We recognize that the distribution of profits to our shareholders and continuous corporate development are the most important management issues, and we intend to make decisions on total shareholder return, keeping in mind the optimal balance between shareholder return, appropriate leverage, and securing funds for growth.

For the current fiscal year, we plan to pay a year-end dividend of 16 yen per share, which together with the interim dividend (28 yen per share) will bring the total annual dividend to 44 yen per share. For the next fiscal year, we plan to pay an annual dividend of 30 yen per share, but the amount of the interim dividend is undetermined at this time.

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, 2020	As of December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	14,987	32,524
Trade and other receivables, net	13,463	15,096
Inventories	23,597	28,021
Other current assets	1,303	1,389
Total current assets	53,350	77,030
Non-current assets		
Property, plant and equipment, net	31,108	32,370
Intangible assets, net and goodwill	45,049	46,878
Other investments	288	293
Deferred tax assets	553	480
Other non-current assets	118	123
Total non-current assets	77,116	80,144
Total assets	130,466	157,174
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	4,434	6,551
Current portion of borrowings	14,282	12,030
Income taxes payable	568	1,365
Other current liabilities	3,123	4,864
Total current liabilities	22,407	24,810
Non-current liabilities		
Bonds and borrowings, excluding current portion	53,160	71,958
Net defined benefit liability	2,682	2,507
Deferred tax liabilities	2,651	2,172
Other non-current liabilities	4,854	2,358
Total non-current liabilities	63,347	78,995
Total liabilities	85,754	103,805
Equity		
Share capital	16,843	17,102
Capital surplus	11,010	11,415
Treasury stock	(1,651)	(1,648)
Accumulated other comprehensive loss	(7,466)	(1,378)
Retained earnings	25,947	27,844
Equity attributable to owners of the parent	44,683	53,335
Non-controlling interests	29	34
Total equity	44,712	53,369
Total liabilities and equity	130,466	157,174

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

(Millions of yen)

	For the year ended December 31, 2020	For the year ended December 31, 2021
Sales	52,024	67,926
Cost of sales	42,807	54,317
Gross profit	9,217	13,609
Selling, general and administrative expenses	5,820	7,384
Other income	255	148
Other expenses	41	557
Operating profit	3,611	5,816
Financial income	32	295
Financial expenses	1,071	1,103
Profit before taxes	2,572	5,008
Income tax expense	698	1,452
Net profit for the period	1,874	3,556
Net profit for the period attributable to.		
Owners of the parent	1,877	3,554
Non-controlling interests	(3)	2
Net profit for the period	1,874	3,556
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Financial assets measured at FVOCI	(8)	(6)
Remeasurements of defined benefit plans	106	36
Total items that will not be reclassified to profit or loss	98	30
Items that may subsequently be reclassified to profit or loss		
Foreign currency translation differences	(966)	5,854
Cash flow hedges	130	225
Hedges costs	44	18
Total items that may subsequently be reclassified to profit or loss	(792)	6,097
Other comprehensive income (loss), net of tax	(694)	6,127
Total comprehensive income (loss)	1,180	9,683
Total comprehensive income attributable to.		
Owners of the parent	1,183	9,678
Non-controlling interests	(3)	5
Total comprehensive income (loss)	1,180	9,683
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	46.64	88.04
Diluted earnings per share (yen)	46.64	87.37

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended December 31, 2020

	(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, 2020	16,831	11,100	(1,439)	69	—	(5,906)
Net profit for the period	—	—	—	—	—	—
Other comprehensive income (loss), net of tax	—	—	—	(8)	106	(966)
Total comprehensive income (loss)	—	—	—	(8)	106	(966)
Issuance of new shares	12	11	—	—	—	—
Dividends	—	—	—	—	—	—
Purchase of treasury Stock	—	(1)	(251)	—	—	—
Disposition of treasury stock	—	—	39	—	—	—
Stock-based rewards	—	(100)	—	—	—	—
Transfer to retained earnings	—	—	—	(1)	(106)	—
Total transactions with owners and other	12	(90)	(212)	(1)	(106)	—
Balance as of December 31, 2020	16,843	11,010	(1,651)	60	—	(6,872)

	(Millions of yen)						
	Equity attributable to owners of the parent				Non-controlling interests	Total equity	
	Accumulated Other Comprehensive Income (Loss)			Retained earnings			
	Cash flow hedge	Hedge costs	Total				
Balance as of January 1, 2020	(1,079)	251	(6,665)	26,019	45,846	32	45,878
Net profit for the period	—	—	—	1,877	1,877	(3)	1,874
Other comprehensive income (loss), net of tax	130	44	(694)	—	(694)	—	(694)
Total comprehensive income (loss)	130	44	(694)	1,877	1,183	(3)	1,180
Issuance of new shares	—	—	—	—	23	—	23
Dividends	—	—	—	(2,056)	(2,056)	—	(2,056)
Purchase of treasury Stock	—	—	—	—	(252)	—	(252)
Disposition of treasury stock	—	—	—	—	39	—	39
Stock-based rewards	—	—	—	—	(100)	—	(100)
Transfer to retained earnings	—	—	(107)	107	—	—	—
Total transactions with owners and other	—	—	(107)	(1,949)	(2,346)	—	(2,346)
Balance as of December 31, 2020	(949)	295	(7,466)	25,947	44,683	29	44,712

For the fiscal year ended December 31, 2021

	(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, 2021	16,843	11,010	(1,651)	60	—	(6,872)
Net profit for the period	—	—	—	—	—	—
Other comprehensive income (loss), net of tax	—	—	—	(6)	36	5,851
Total comprehensive income (loss)	—	—	—	(6)	36	5,851
Issuance of new shares	259	256	—	—	—	—
Dividends	—	—	—	—	—	—
Purchase of treasury Stock	—	—	—	—	—	—
Disposition of treasury stock	—	—	3	—	—	—
Expiry of share options	—	149	—	—	—	—
Transfer to retained earnings	—	—	—	—	(36)	—
Total transactions with owners and other	259	405	3	—	(36)	—
Balance as of December 31, 2021	17,102	11,415	(1,648)	54	—	(1,021)

	(Millions of yen)						
	Equity attributable to owners of the parent						
	Accumulated Other Comprehensive Income (Loss)			Retained earnings	Total	Non-controlling interests	Total equity
	Cash flow hedge	Hedge costs	Total				
Balance as of January 1, 2021	(949)	295	(7,466)	25,947	44,683	29	44,712
Net profit for the period	—	—	—	3,554	3,554	2	3,556
Other comprehensive income (loss), net of tax	225	18	6,124	—	6,124	3	6,127
Total comprehensive income (loss)	225	18	6,124	3,554	9,678	5	9,683
Issuance of new shares	—	—	—	—	515	—	515
Dividends	—	—	—	(1,693)	(1,693)	—	(1,693)
Purchase of treasury Stock	—	—	—	—	—	—	—
Disposition of treasury stock	—	—	—	—	3	—	3
Expiry of share options	—	—	—	—	149	—	149
Transfer to retained earnings	—	—	(36)	36	—	—	—
Total transactions with owners and other	—	—	(36)	(1,657)	(1,026)	—	(1,026)
Balance as of December 31, 2021	(724)	313	(1,378)	27,844	53,335	34	53,369

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the year ended December 31, 2020	For the year ended December 31, 2021
Cash flows from operating activities		
Profit before taxes	2,572	5,008
Depreciation and amortization	3,342	3,408
Increase (decrease) in net defined benefit liability	(182)	(194)
Interest and dividend income	(26)	(24)
Interest expense	818	942
Foreign exchange losses (gains)	248	(231)
(Gains) losses on sale of fixed assets	2	(56)
Decrease (increase) in trade and other receivables	(608)	(557)
Decrease (increase) in inventories	737	(2,966)
(Decrease) increase in trade and other payables	(115)	1,750
Other, net	(621)	1,398
Sub Total	6,167	8,478
Interest received	21	14
Dividend received	5	4
Interest paid	(793)	(911)
Income taxes paid	(3,178)	(1,320)
Net cash provided by operating activities	2,222	6,265
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment	(987)	(2,123)
Proceeds from sale of property, plant and equipment	25	117
Payments for acquisition of intangible properties	(318)	(274)
Other, net	8	(1)
Net cash used by investing activities	(1,272)	(2,281)
Cash flows from financing activities		
Proceeds from short-term loans and borrowings	2,974	3,000
Repayments of short-term loans and borrowings	(2,967)	(5,567)
Proceeds from long-term loans and borrowings	—	15,700
Repayments of long-term loans and borrowings	(155)	(8,633)
Proceeds from issuance of bonds	—	9,891
Payments of lease liabilities	(313)	(317)
Proceeds from exercise of subscription rights	24	515
Cash dividends paid	(2,057)	(1,645)
Proceeds from sales of treasury stock	—	1
Payments for purchase of treasury stock	(251)	(0)
Net cash provided in financing activities	(2,745)	12,945
Effect of exchange rate changes on cash and cash equivalents	(164)	608
Net (decrease) increase in cash and cash equivalents	(1,959)	17,537
Cash and cash equivalents at the beginning of the period	16,946	14,987
Cash and cash equivalents at the end of the period	14,987	32,524

Operating Segments

1. General information

(1) Basis of segmentation

The Group is composed of segments by product and service and there are "Precision component Business", "Linear Business" and "Others" 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 Company's operating segments consist of "Precision component business", "Linear business" and "Other business". These businesses offer various products and are managed separately because they require different technologies and marketing strategies.

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. The "Other business" segment engages primarily in the leasing of real estate.

Segment information is determined in conformity with the accounting policies used in preparing the condensed interim consolidated financial statements. Operating profit (loss) of each reportable segment is measured in a consistent manner with consolidated operating profit, which is profit before income taxes before finance income and finance costs. Pricing for the inter-segment transactions is determined on an arm's length basis.

(2) Segment Information

Segment information for the fiscal year ended December 31, 2020 and 2021 is as follows.

For the fiscal year ended December 31, 2020

(Millions of yen)						
	Precision component business	Linear business	Other business	Total	Reconciling items	Consolidated financial statements
Sales						
External sales	48,329	3,694	1	52,024	—	52,024
Inter-segment sales	3	—	29	32	(32)	—
Total consolidated sales	48,332	3,694	30	52,056	(32)	52,024
Segment profit	3,429	161	21	3,611	0	3,611
				Financial income		32
				Financial expense		(1,071)
				Profit before taxes		2,572

Reconciling items to segment profit include elimination of inter-segment transactions.

	Precision component business	Linear business	Other business	Total	Reconciling items	Consolidated financial statements
Depreciation and amortization	(3,047)	(295)	—	(3,342)	—	(3,342)
Segment assets	109,354	13,311	39	122,704	7,762	130,466
Capital expenditure	1,207	48	—	1,255	—	1,255

For the fiscal year ended December 31, 2021

(Millions of yen)

	Precision component business	Linear business	Other business	Total	Reconciling items	Consolidated financial statements
Sales						
External sales	62,843	5,082	1	67,926	—	67,926
Inter-segment sales	6	—	29	35	(35)	—
Total consolidated sales	62,849	5,082	30	67,961	(35)	67,926
Segment profit	5,136	662	18	5,816	0	5,816
				Financial income		295
				Financial expense		(1,103)
				Profit before taxes		5,008

Reconciling items to segment profit include elimination of inter-segment transactions.

	Precision component business	Linear business	Other business	Total	Reconciling items	Consolidated financial statements
Depreciation and amortization	(3,209)	(199)	—	(3,408)	—	(3,408)
Segment assets	122,010	13,808	39	135,857	21,317	157,174
Capital expenditure	2,026	91	—	2,177	—	2,177

(Earnings per share)

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Net profit for the period attributable to Owners of the parent (Millions of yen)	1,877	3,554
Adjustment for earnings	—	—
Adjusted Net profit for the period attributable to Owners of the parent (Millions of yen)	1,877	3,554
Weighted average numbers of issued common shares	40,237,815	40,372,264
Impact of dilution		
Stock options	—	308,195
BIP Trust	—	—
Weighted average numbers of issued common shares after dilution	40,237,815	40,680,459
Basic earnings per share (Yen)	46.64	88.04
Diluted earnings per share (Yen)	46.64	87.37

(Significant subsequent events)

The Company decided to integrate all functions of the roller business to Bosnia, due to the difficulties to improve the profitability of the roller business with the high cost structure of the Netherlands plant.

As a result, the Company estimates the cost 3,000 million yen in the current fiscal year due to the incurrence of structural reform expenses and the deterioration of profit & loss caused by the temporary suspension of production due to the suspension or closure of the Netherlands roller plant by the end of this fiscal year.