

3Q FY2024 Results Presentation

November 11, 2024

Tsubaki Nakashima Co., Ltd.

(Prime Market of TSE 6464)

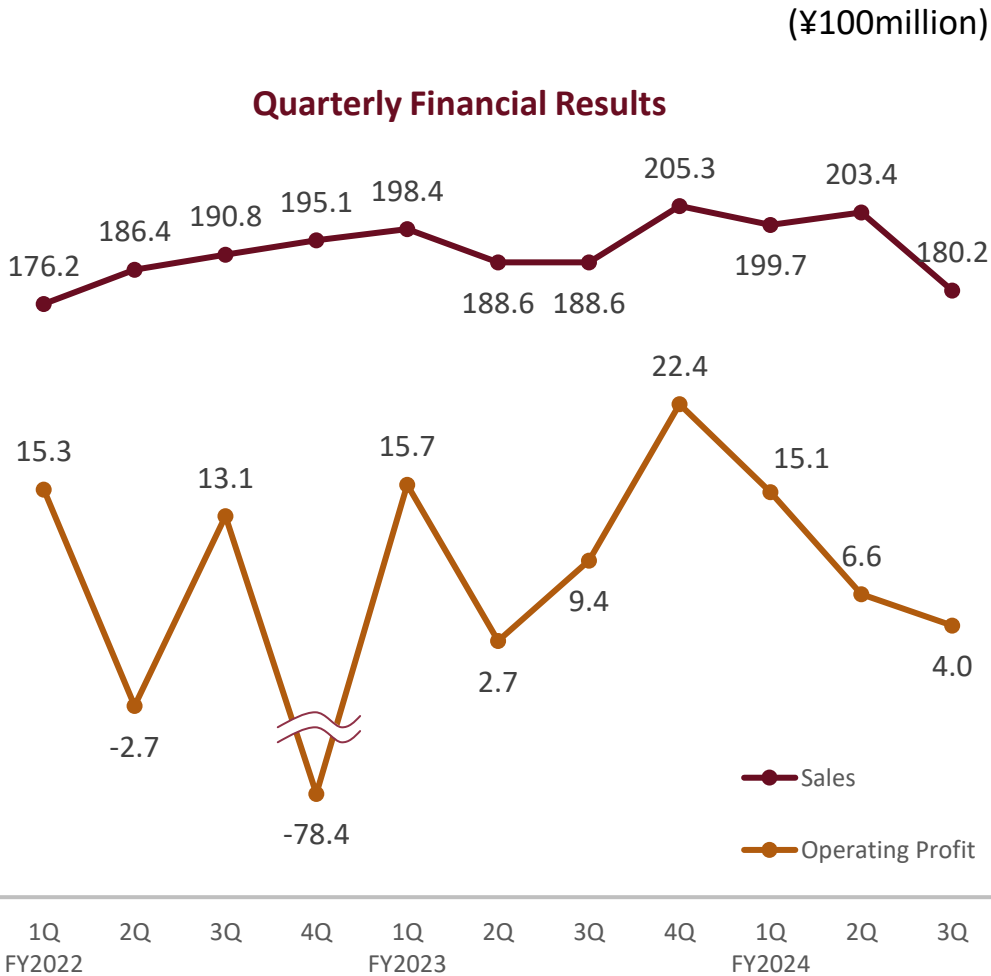


Summary for 3Q FY2024

Sales		Operating Profit		EBITDA		(¥100million)
583.2		25.7		50.6		
YoY	+3.1%	YoY	▲7.4%	YoY	+2.0	
Exclude		Exclude		Exclude		
FX impact	▲4.7%	FX impact	▲13.5%	FX impact	▲1.4%	

- Sales decreased on a volume basis due to the suspension of production and shipments by some automobile manufacturers in Japan and the delayed recovery of demand for general industrial equipment and machine tools globally. However, revenues increased 3.1% YoY due to the contribution of the weak yen
- In terms of growth strategies, sales of ceramic balls have fallen further than previously expected, and the forecast has been revised downward
- Operating profit was down 7.4% YoY due to the absence of the plant closure expenses recorded in the previous fiscal year and the effect of cost improvements, but due to a decrease in sales excluding the FX impact and the recording of inventory valuation losses in an effort to improve asset efficiency, as in 1H FY2024
- Earnings forecasts were revised downward due to the expectation of a further decline in profits due to a slowdown in demand recovery in the 4Q.
- Year-end dividend ¥10/share. Annual dividend ¥25/share including interim dividend of ¥15/share
- The next mid-term plan is scheduled to be announced in February next year

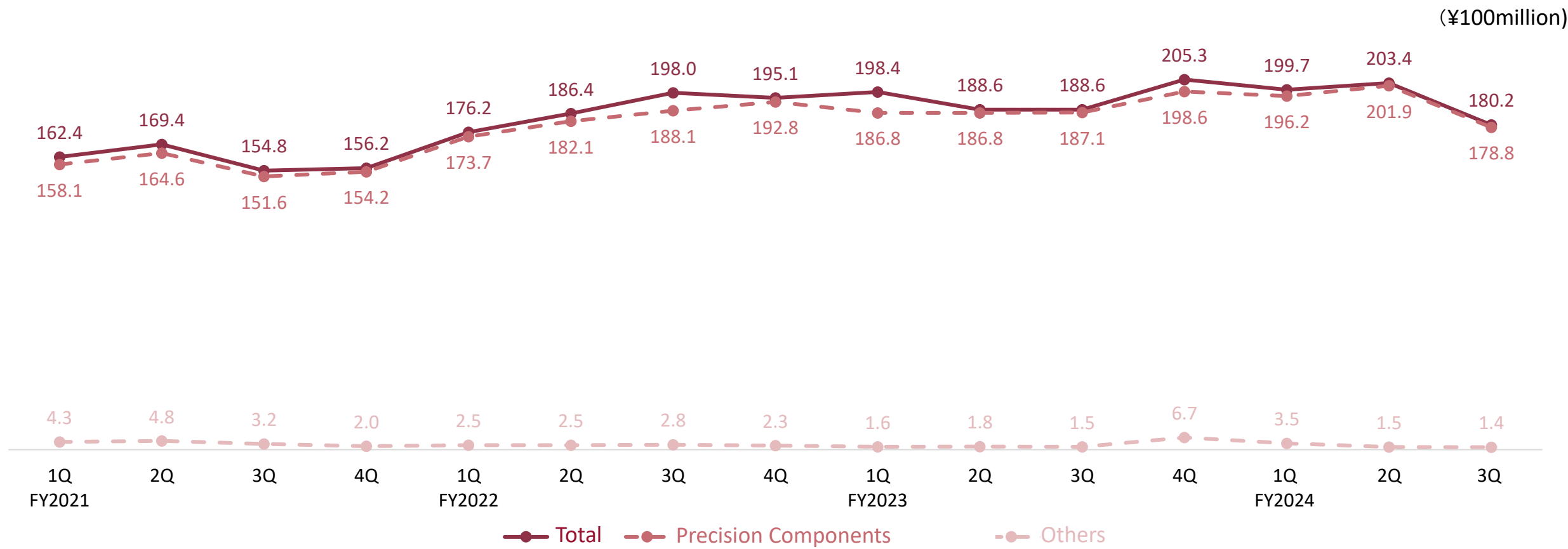
Quarterly Financial Results



* In this document, financial results are disclosed primarily as figures for continuing operations only, excluding discontinued operations.

Sales by Quarter (continuing operations only)

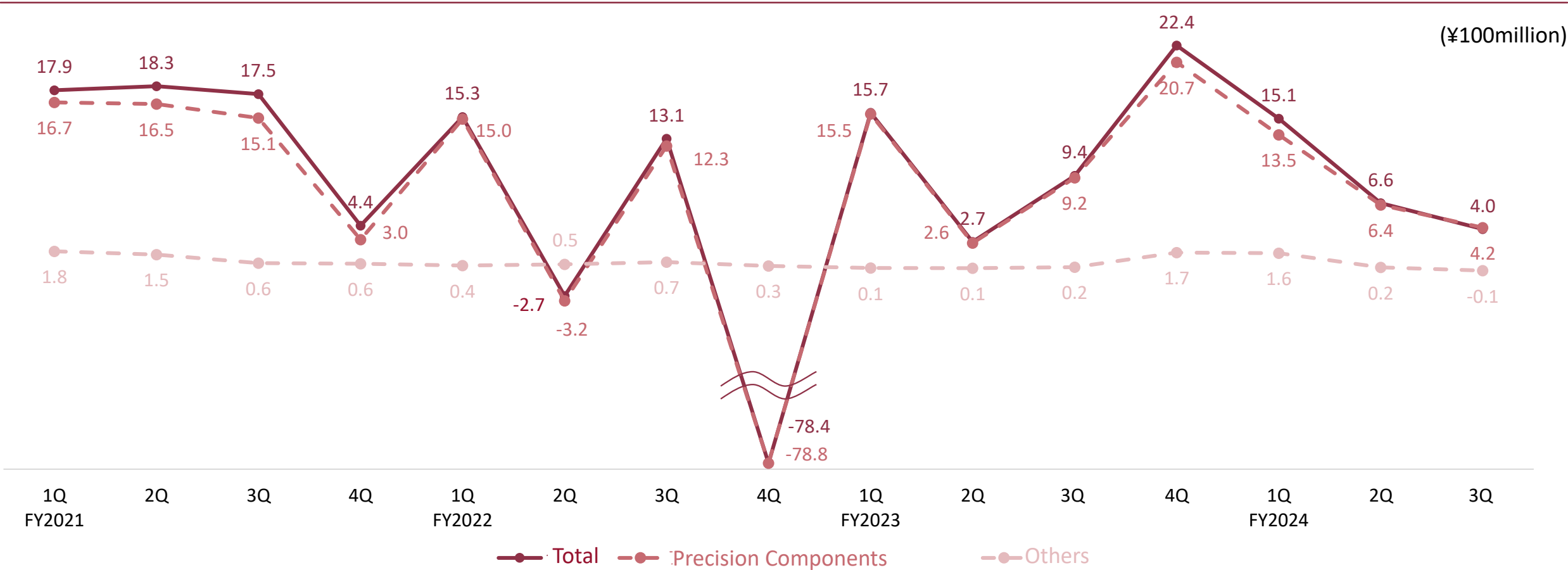
Sales of Precision Components decreased by 4.4% YoY, 11.4% QoQ
Sales of Others decreased by 11.8% YoY, 11.2% QoQ



*The above figures through the end of 2023 have not been audited by an accounting auditor

Operating profit by Quarter (continuing operations only)

OP of Precision Components decreased by 54.6% YoY, 35.3% QoQ
OP of Others : Loss in the third quarter



*The above figures through the end of 2023 have not been audited by an accounting auditor

3Q FY2024 Consolidated results (YoY)

Sales (excluding FX impact) decreased 4.7% YoY. Reflecting the delayed recovery of demand in various industries, the decline in sales widened from the 3.3% decrease in 1H 2024. As for profits, they were negative YoY

(¥100million)

	FY2023 3Q	FY2023 3Q	FY2024 3Q			
	Actual (Including "discontinued operations")	Actual ("continuing operations" only)	Actual ("continuing operations" only)	FX impact	Inc/dec ^{※1}	Inc/dec% ^{※1}
Sales	591.9	565.5	583.2	44.1	▲ 26.4	▲ 4.7%
Operating profit	27.8	27.8	25.7	1.7	▲ 3.7	▲ 13.5%
OP%	4.7%	4.9%	4.4%	—	—	—
EBITDA	51.3	49.6	50.6	1.7	▲ 0.7	▲ 1.4%
PBT	27.1	26.8	15.8	1.6	▲ 12.6	▲ 46.9%
Net profit	11.9	11.9	7.4	1.1	▲ 5.6	▲ 47.0%

※ 1 Inc/dec" and "Inc/dec%" exclude "FX impact"

3Q FY2024 Segment/Region Sales (YoY)

Situation for Sales by region (excluding FX impact) remain unchanged from 1H2024, with Europe and North America recording double-digit declines YoY. Meanwhile, China increased by 5.8% YoY due to strong exports

(¥100million)

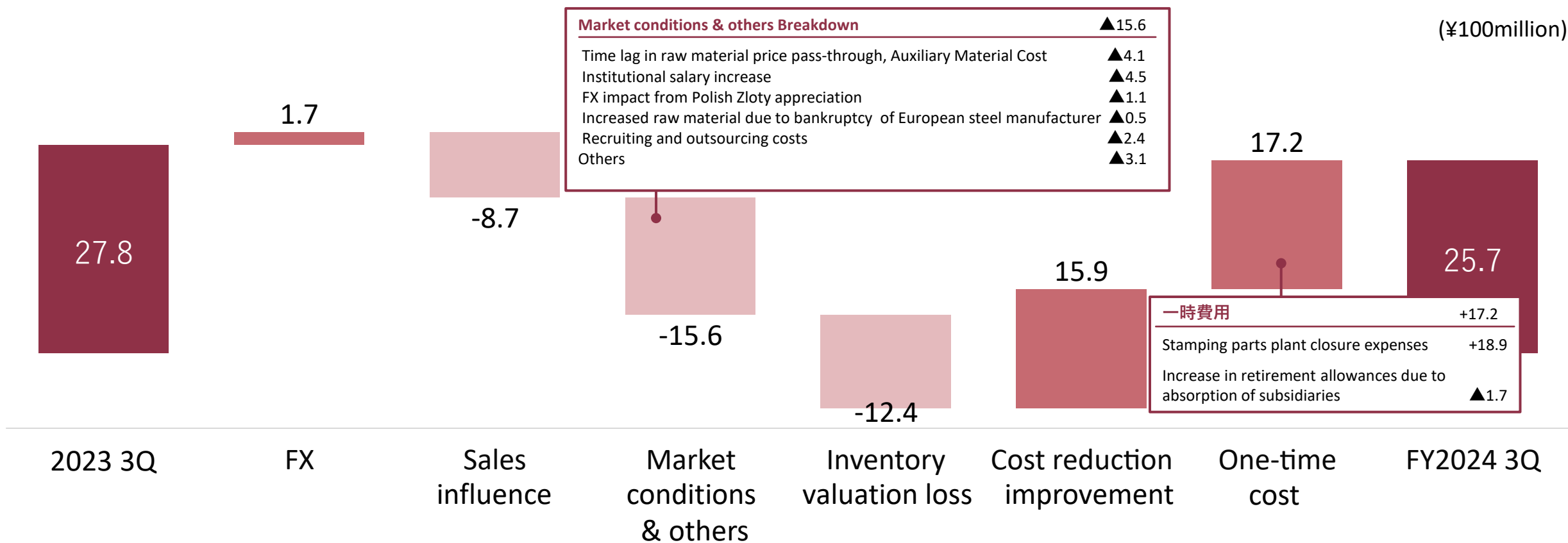
	FY2023 3Q	FY2023 3Q	FY2024 3Q			
	Actual (Including "discontinued operations")	Actual ("continuing operations" only)	Actual ("continuing operations" only)	FX impact	Inc/dec ^{※1}	Inc/dec% ^{※1}
Consolidated	591.9	565.5	583.2	44.1	▲ 26.4	▲ 4.7%
Precision Components ^{※2}	560.7	560.7	576.9	44.1	▲ 27.9	▲ 5.0%
Japan	103.5	103.5	88.8	0.0	▲ 14.7	▲ 14.2%
North America	116.8	116.8	114.7	10.4	▲ 12.5	▲ 10.7%
Europe	202.0	202.0	200.3	21.3	▲ 23.0	▲ 11.4%
China	110.0	110.0	125.4	9.0	6.4	5.8%
Asia(ex. China)	28.4	28.4	48.1	3.4	16.2	56.8%
Others	31.2	4.8	6.3	0.0	1.5	30.8%

※ 1 "Inc/dec" and "Inc/dec%" exclude "FX impact"

※ 2 Excluding inter-regional transaction

3Q FY2024 Operating Profit bridge

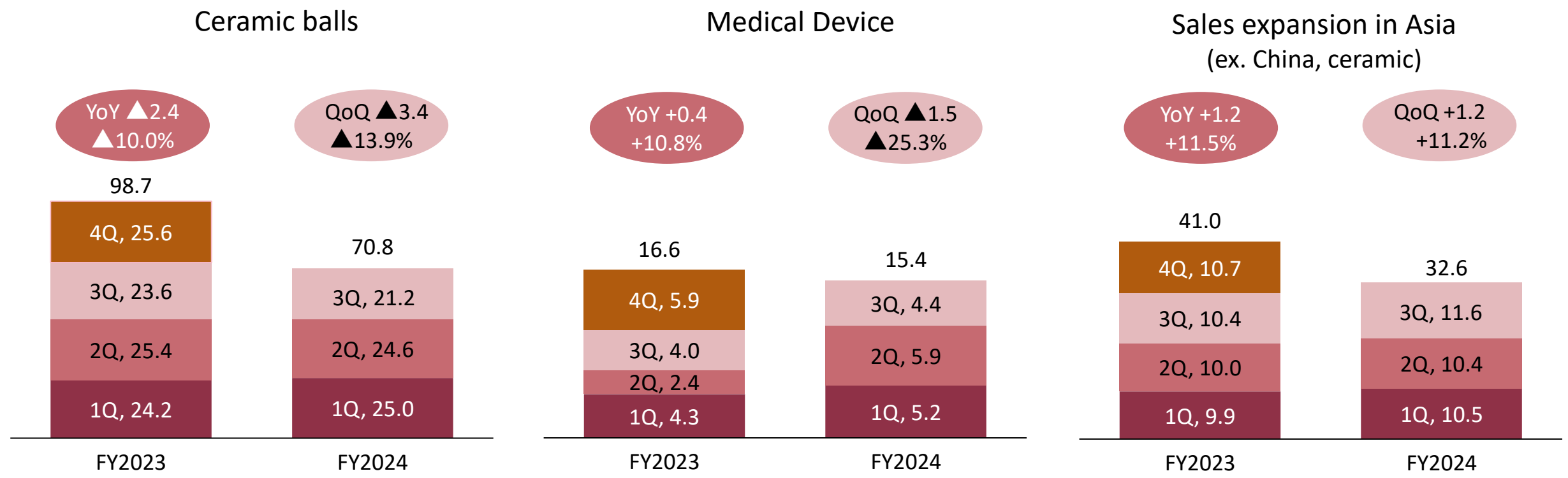
Although there were no plant closure expenses recorded in FY2023 and the effects of cost reduction improvement were seen, OP decreased by 7.4% YoY to ¥2.57 billion due to a decrease in sales excluding FX impact and the recording of inventory valuation losses to improve asset efficiency as in 1H FY2024



Progress in Growth Strategies (3Q FY2024)

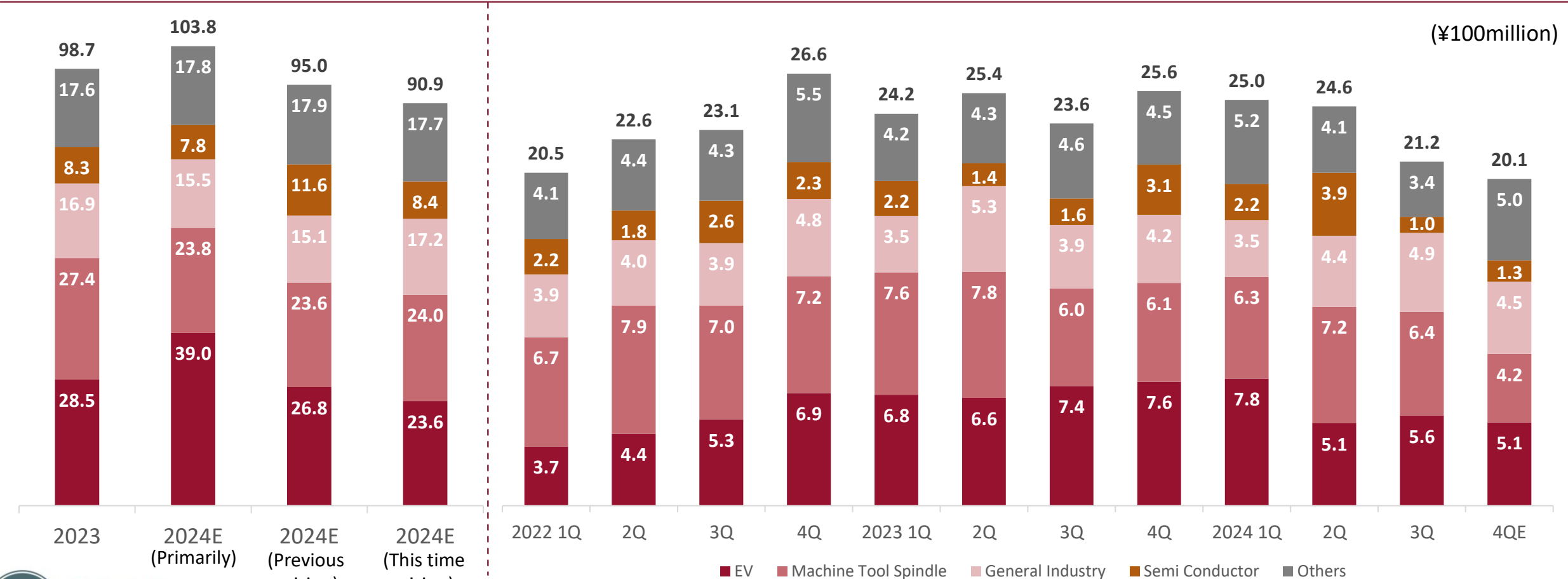
While "Ceramic balls" continue to be weak, "Medical Devices" turned negative QoQ, "Sales expansion in Asia" turned positive, driven by sales in India

(¥100million)



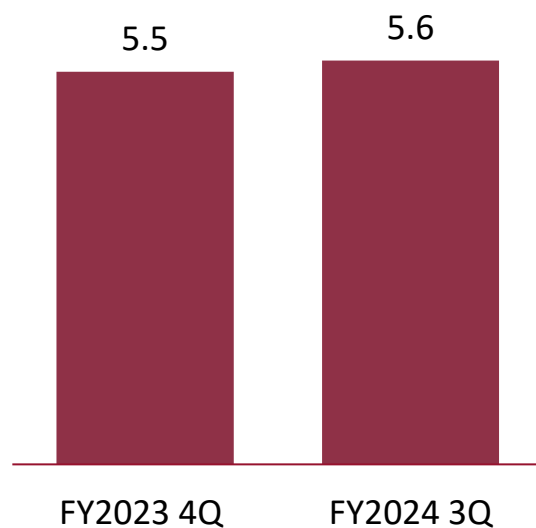
Ceramic Ball Sales Trend / Forecasts by Application

Annual sales forecast revised downwards further from the previous forecast due to lower-than-expected demand, especially for EVs and semiconductors



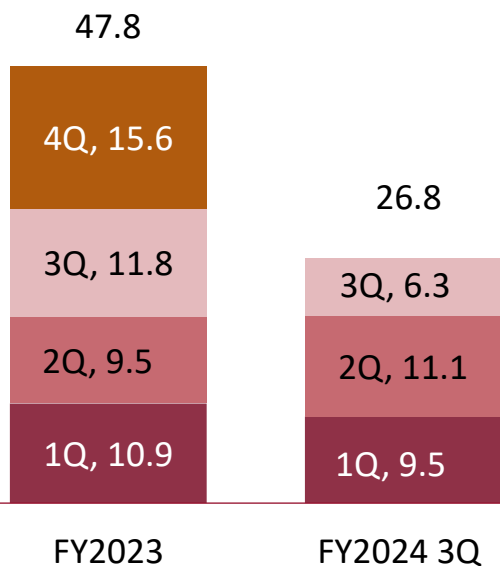
Inventory Turn-over (months)

Improvement from 5.8months in
1H FY2024 by 0.2months



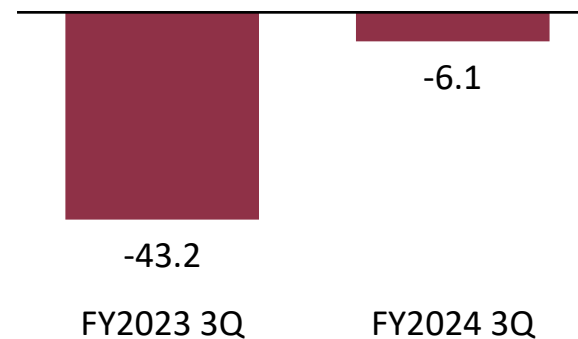
CAPEX (¥100million)

Progress as planned within budget



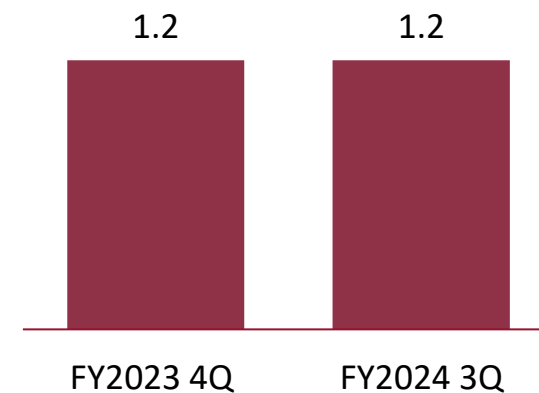
Free CF (¥100million)

- Working capital improvement, primarily in receivable (+17.5)
- Restructuring Expenses(+8.9)
(2023 roller vs. 2024 stumping)
- CAPEX reduction (+5.4)
- Others (+5.3)



Net DE Ratio (%)

Same level as FY2023



Sustainability Initiatives

Sustainable development Strategy

- ✓ Reduce **energy consumption**
- ✓ Photovoltaic systems
- ✓ **Purchase green energy** thanks to the Renewable Energy Certificates
- ✓ Challenge: **improve the general efficiency** of TN plants through high utilization
- ✓ **Electrification** of TN plants

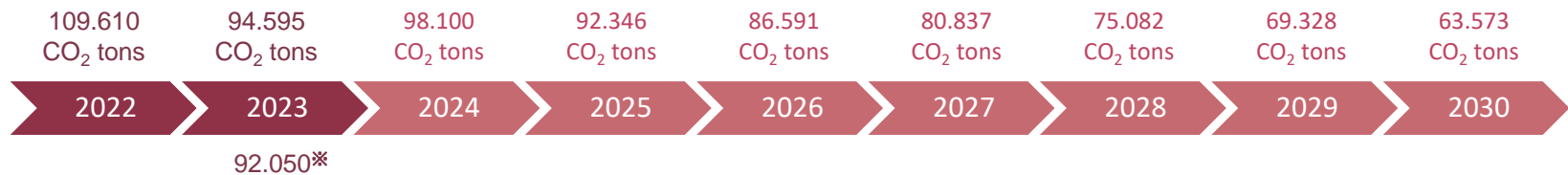


- **-42% CO₂ tons by 2030** compared to 2022
- Aiming to achieve **carbon neutrality by 2050**

Carbon footprint

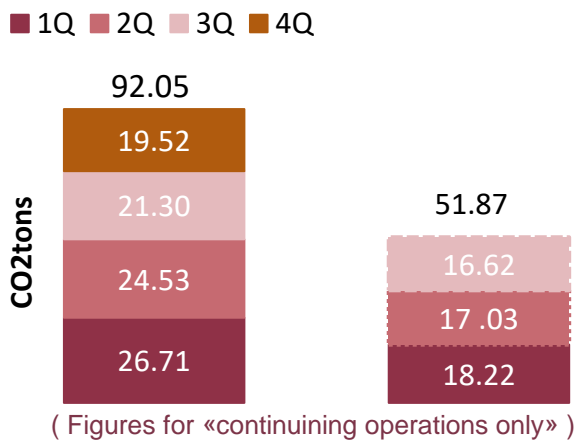
CO ₂ tons/tons	2023	YTD 24 (Q1+Q2+Q3)	% 24 vs 23
Japan	1,10 1.01 ※	0,92 0,70 ※	-20% -44% ※
Europe	1,04	0,78	-33%
Ceramic	19,3	11,9	-62%
China	0,99	0,65	-53%
Americas	0,81	0,73	-11%
EPC	1,52	1,41	-8%
TSUBAKI NAKASHIMA	1,03 1.02 ※	0,75 0,73 ※	-37% -40% ※

※ Figures for «continuing operations only» (red letters)



* Each figure on this page is based on the “market-based method”.

Total CO₂ emissions



TN participates in the CDP Climate Change (2023: B- score), to monitor its performance from year to year.
TN’s Greenhouse Gas Emission Reduction Targets obtain approval from SBT Initiative.
In this way, TN demonstrates transparency and reliability in sustainability-related communications.



APPROVED NEAR-TERM SCIENCE-BASED TARGETS

The Science Based Targets initiative has validated that the science-based greenhouse gas emissions reductions target(s) submitted by TSUBAKI NAKASHIMA CO., LTD. conform with the SBTi Criteria and Recommendations (Criteria version 5.1).
SBTi has classified your company’s scope 1 and 2 target ambition as in line with a 1.5°C trajectory.

The official near-term science-based target language:

TSUBAKI NAKASHIMA CO., LTD. commits to reduce absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2022 base year. TSUBAKI NAKASHIMA CO., LTD. also commits to reduce absolute scope 3 GHG emissions 25% by 2030 from a 2023 base year.

DATE OF APPROVAL
10 October 2024

FY2024 Revised Forecast

Regarding the full-year consolidated financial results for the fiscal year ending December 2024, sales, excluding the impact of foreign exchange rates, are expected to be significantly lower than the previous forecast due to a slow recovery in automobile production in Europe and a slow recovery in demand for general industrial equipment and machine tools globally in 4Q.

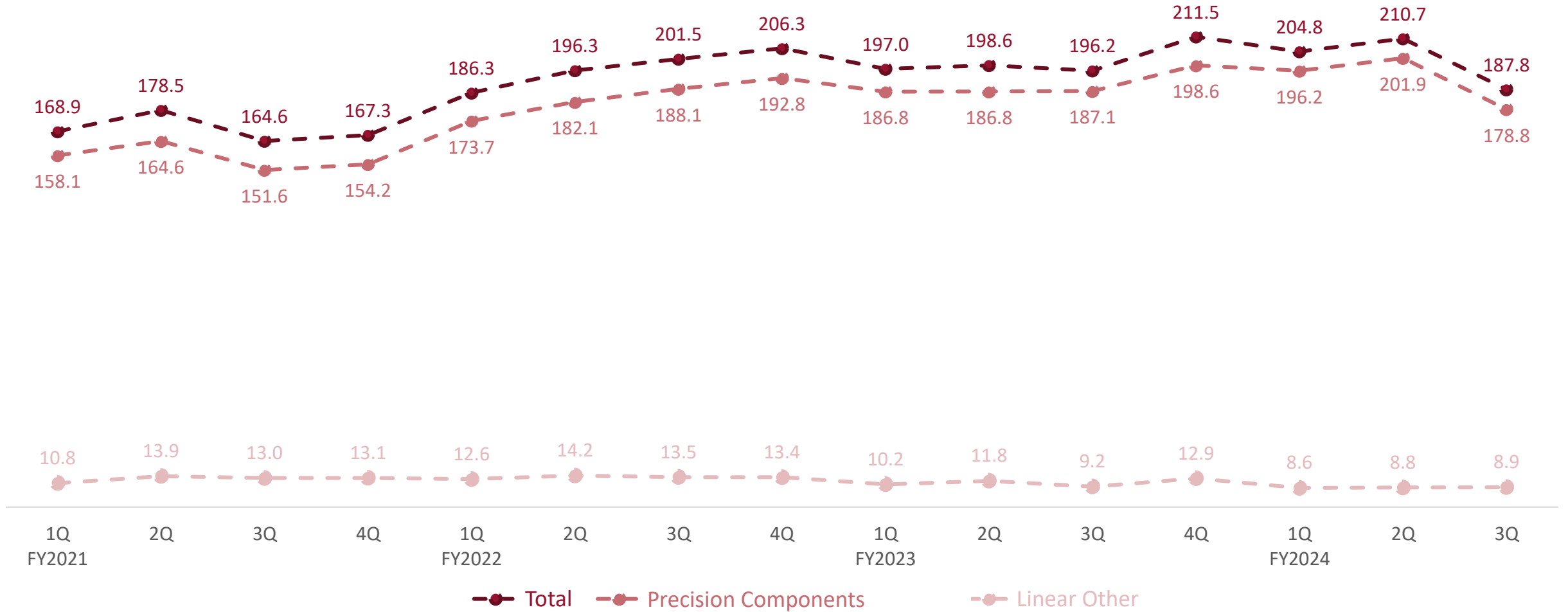
Profits are also expected to fall short of the previous forecast due to a decrease in sales, an increase in inventory impairment losses aimed at improving asset efficiency, and the occurrence of one-time expenses (about 3 billion yen).

Regarding dividends, in light of the revision of the consolidated financial forecast for the full fiscal year ending December 2024, we have revised the year-end dividend forecast to ¥10/share and the annual dividend to ¥25/share.

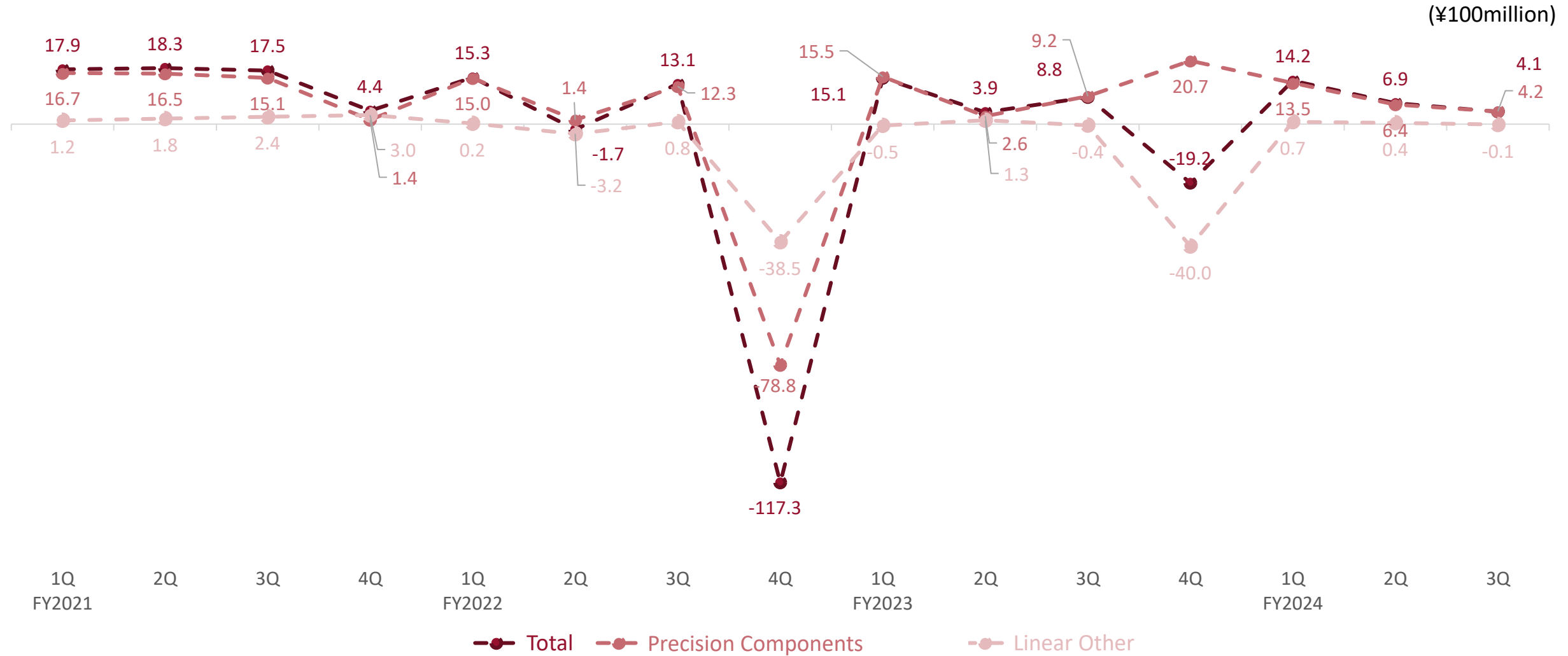
	(¥100million)			
	Previous	Revised	Inc/dec	Inc/dec%
Sales	773.0	750.0	▲ 23.0	▲ 3.0%
Operating profit	68.6	5.0	▲ 63.6	▲ 92.7%
PBT	56.5	▲ 9.0	▲ 65.5	-
Net profit	39.6	▲ 17.0	▲ 56.6	-
EPS(Yen)	99.68	▲ 42.71	▲ 142.39	-
Dividend per share(Yen)	35	25	▲ 10	-

【Appendix】 Sales by Quarter (including discontinued operations)

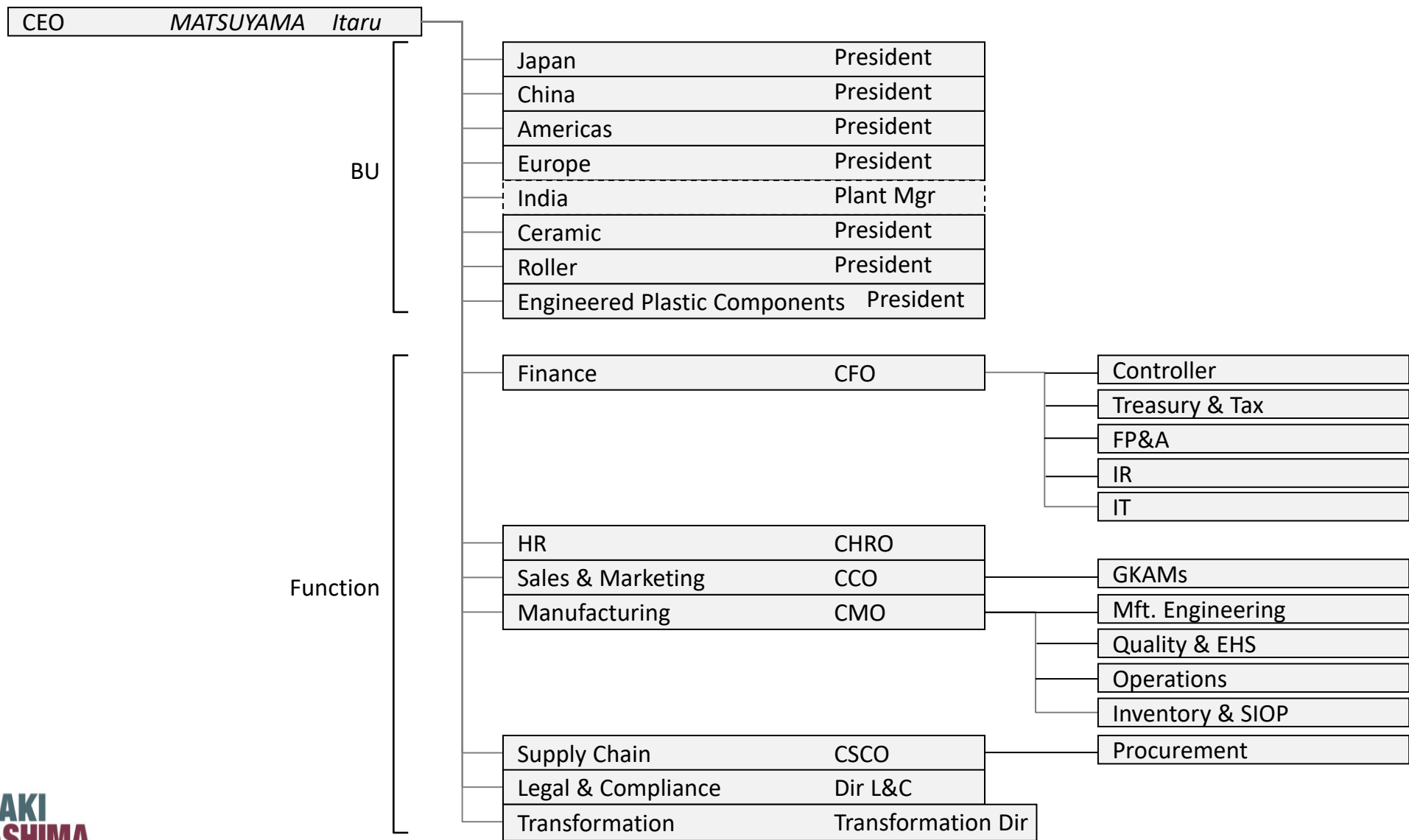
(¥100million)



【Appendix】 Operating profit by Quarter (including discontinued operations)



【Appendix】 Organization Chart (As of November 2024)



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