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Notice of Expansion of Ceramic Ball Production Capacity (Construction of Second Plant in Thailand)

Tsubaki Nakashima Co., Ltd. ("the company") has decided to build a second plant in Thailand with the aim of significantly increasing the production capacity of ceramic balls at our Thai plant (our main plant for ceramic ball production) as per details below.

1. Reasons for increasing production capacity (construction of second plant in Thailand)

Demand for ceramic balls is steadily increasing for use in machine tools, while demand for EVs is increasing at an accelerating pace due to higher voltage and smaller units. Our current global production capacity for ceramic balls is expected to total ¥9.8 billion on a sales basis by the end of 2022 (sales in FY2021: ¥7.2 billion), but the construction of the new plant is necessary to further increase production capacity in order to meet the expected even stronger global demand in 2023 and beyond.

2. Outline of investment to increase production capacity

Acquisition of land and buildings adjacent to the current plant.

- New plant building: 9,000 m^2, capable of producing 150 tons per year (equivalent to ¥10.6 billion in sales)
- Land: 36,800 m^2, Expansion to 300 tons per year (equivalent to ¥20 billion in sales) is possible if the building is expanded.
- Acquisition of building and land (planned): May 2022. Building maintenance: during 2Q 2022
- Relocation and installation of equipment and start of production: 3Q 2022 onward
- Investment amount: Total of approx. ¥2.7 billion
  Building and land approx. ¥0.8 billion
  Equipment required for the first phase expansion (production capacity of 150 tons per year) approx. ¥1.9 billion

(For reference)

Land of the current Thai plant: 11,200 m^2, building: 4,760 m^2

Disclaimer : The English translation is only for reference purposes. When there is any discrepancy between original Japanese version and English translation, the original Japanese version always prevails.

3. Impact on consolidated financial results

The impact of the investment related to this matter has been incorporated into the consolidated forecast for the fiscal year ending December 31, 2022.

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