TRANSFORM NEXT 2023

Precision for a Changing and Sustainable world

3Q FY2022 Results Presentation

November 11, 2022

Tsubaki Nakashima Co., Ltd

（Prime Market of TSE 6464）

Highlights for 3Q FY2022

Sales increased for the four consecutive quarters, while profit margins in the middle of recovery

Sales

- Sales : ¥58.4 billion, 5.0%※ up YoY
- Growth Strategies : Ceramic sales increased for 9 consecutive quarters. Sales revenue in three areas including Asia & Medical exceeded ¥10 billion (¥10.7 billion)

Profits

- Operating profit : ¥2.66 billion, ▲52.5%※ YoY
- OP％ only 4.6%, mainly due to the additional cost resulting from further surge in raw material and energy costs

Dividend

- Year-end dividend ¥17/share (planned)
- Annual dividend ¥30/share, including the interim dividend of ¥13/share

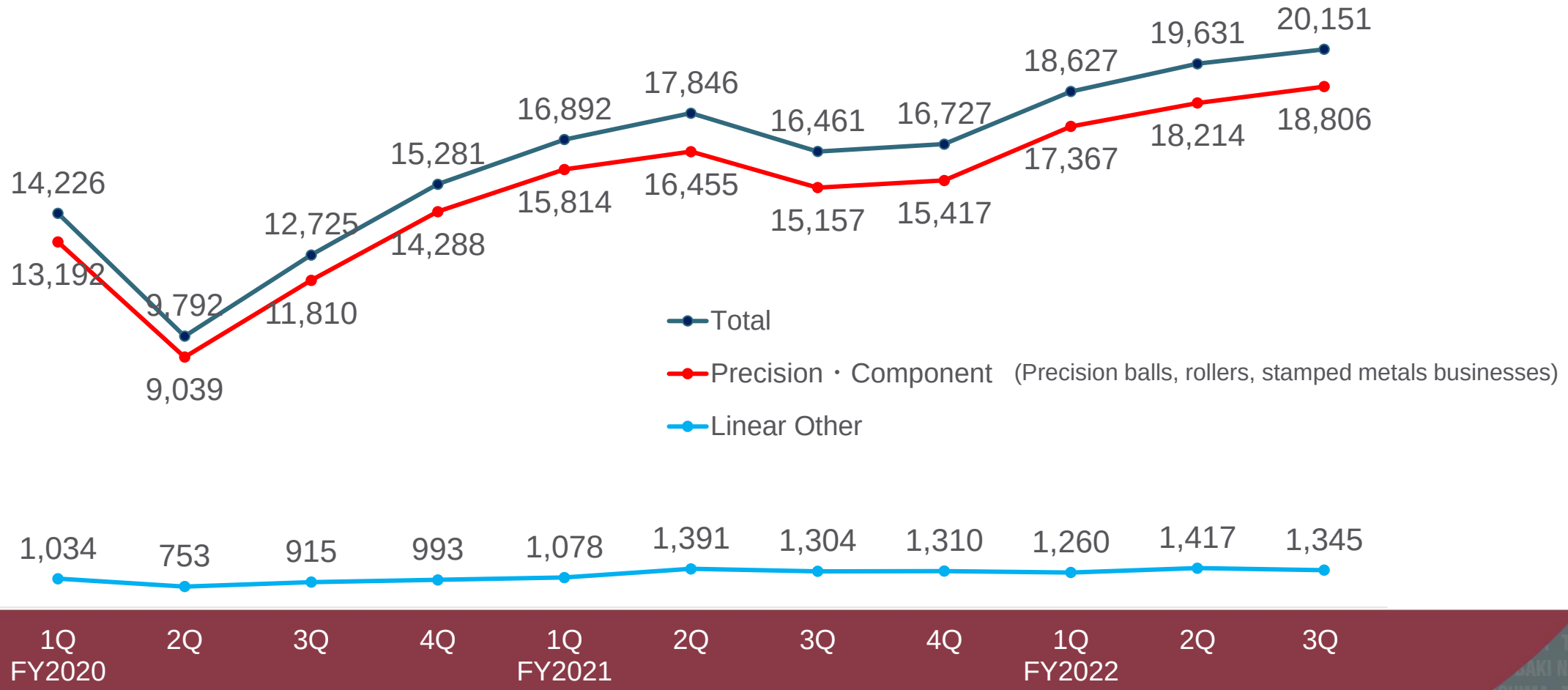
※ exclude “FX impact””

TRANSFORM NEXT 2023

Copyright © 2022 Tsubaki Nakashima Co, Ltd. All rights reserved.

Sales by Quarter

Sales of Precision Components increased by 24.1% YoY, 3.3% QoQ
Sales of Linear Other increased by 3.1% YoY, decreased by 5.1% QoQ

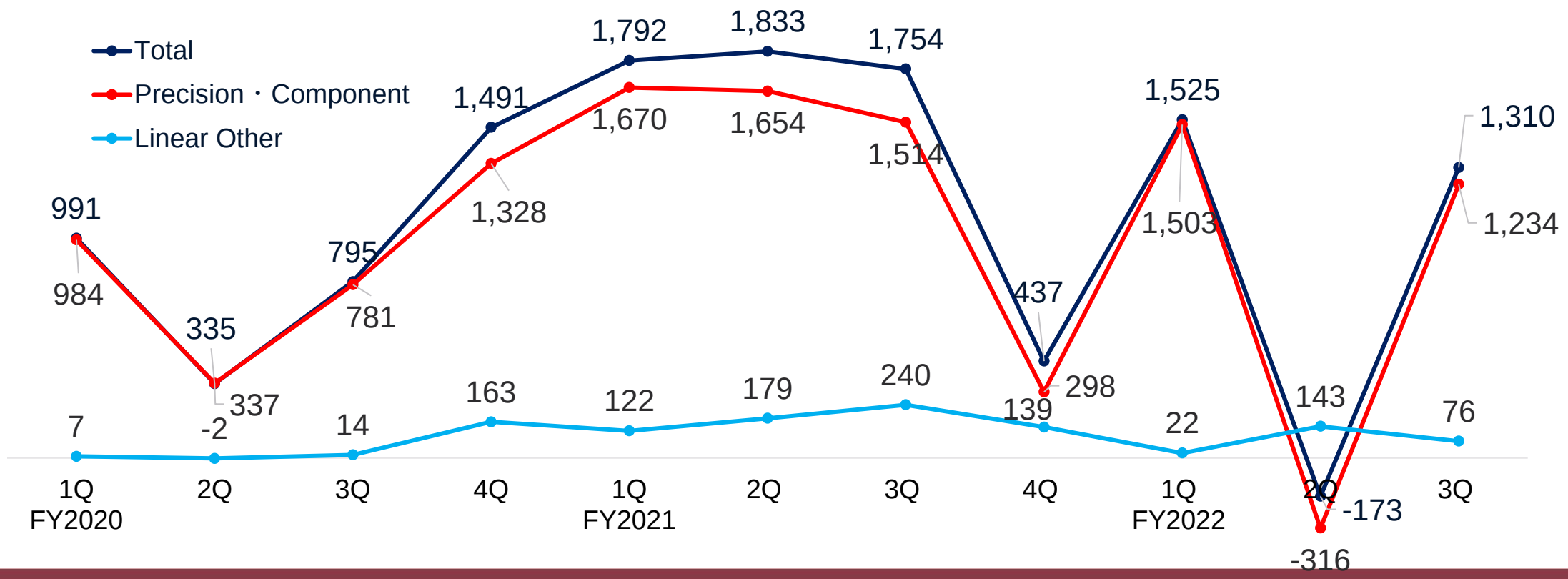


Copyright © 2022 Tsubaki Nakashima Co, Ltd. All rights reserved.

Operating profit by Quarter

OP of Precision Components decrease by 18.5% YoY
OP of Linear Other decreased by 68.3% YoY, by 46.9% QoQ

(¥million)



TRANSFORM NEXT 2023

Copyright © 2022 Tsubaki Nakashima Co, Ltd. All rights reserved.

3Q FY2022 Consolidated results (YoY)

Sales (excluding FX impact) increased by 5.0%
OP (ditto) decreased by 52.5%

(¥million)

	FY2021 3Q	FY2022 3Q			
	Actual	Actual	FX impact	Inc/dec※1	Inc/dec%※1
Sales	51,199	58,409	4,658	2,552	5.0%
Operating profit	5,379	2,662	108	▲ 2,825	▲ 52.5%
OP%	10.5%	4.6%	—	—	—
(reference) Operating profit※2	5,379	5,068	475	▲ 786	▲ 14.6%
OP%※2	10.5%	8.7%	—	—	—
EBITDA	7,912	5,401	331	▲ 2,842	▲ 35.9%
EBIT	4,835	2,974	1,043	▲ 2,904	▲ 60.1%
Net profit	3,352	1,494	742	▲ 2,600	▲ 77.6%

※1 “Inc/dec" and “Inc/dec%" exclude “FX impact””
※2 Excluding “restructuring expenses (¥2,406 million)"

TRANSFORM NEXT 2023

Copyright © 2022 Tsubaki Nakashima Co, Ltd. All rights reserved.

3Q FY2022 Segment/Region Sales (YoY)

(¥million)

	FY2021 3Q	FY2022 3Q			
	Actual	Actual	FX impact	Inc/dec※1	Inc/dec%※1
Consolidated	51,199	58,409	4,658	2,552	5.0%
Precision Components※2	47,426	54,387	4,545	2,416	5.1%
Japan	9,545	10,040	—	495	5.2%
North America	9,641	11,156	1,743	▲ 228	▲ 2.4%
Europe	17,440	20,391	897	2,054	11.8%
China	9,417	10,676	1,565	▲ 306	▲ 3.2%
Asia(ex. China)	1,387	2,128	340	401	28.9%
Linear and Other	3,773	4,022	113	136	3.6%

※1 “Inc/dec" and “Inc/dec%" exclude “FX impact”
※2 Excluding inter-segment profit

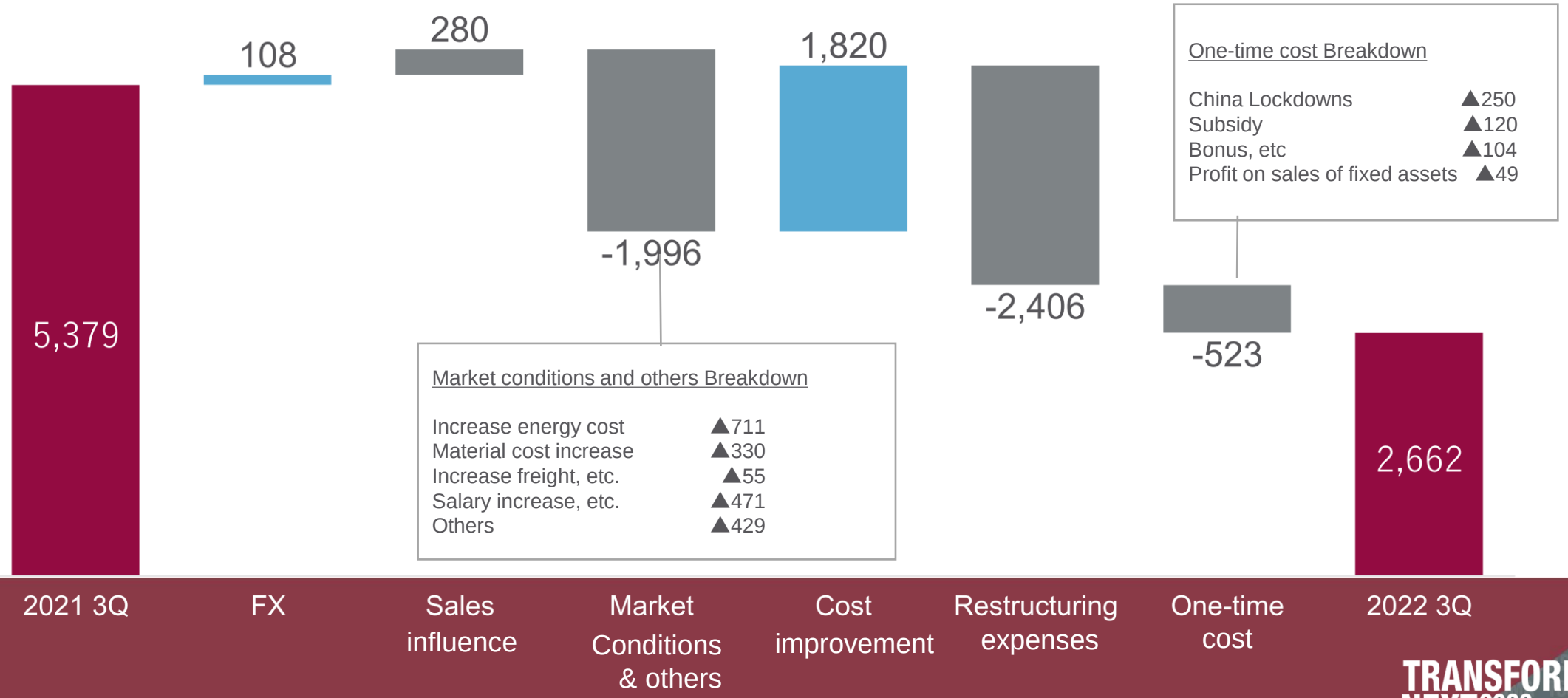
TRANSFORM NEXT 2023

Copyright © 2022 Tsubaki Nakashima Co, Ltd. All rights reserved.

3Q FY2022 OP bridge vs 3Q FY2021

OP decreased by 50.5% to ¥2.662 billion vs. 3Q2021 due to significant rise in raw material prices and energy costs, and one-time expenses for such as restructuring cost, while sales increasing

(¥million)



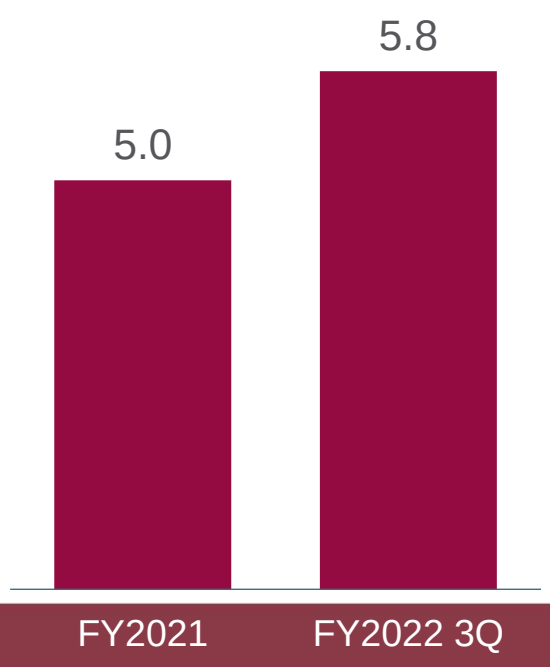
TRANSFORM NEXT 2023

Copyright © 2022 Tsubaki Nakashima Co, Ltd. All rights reserved.

BS/CF

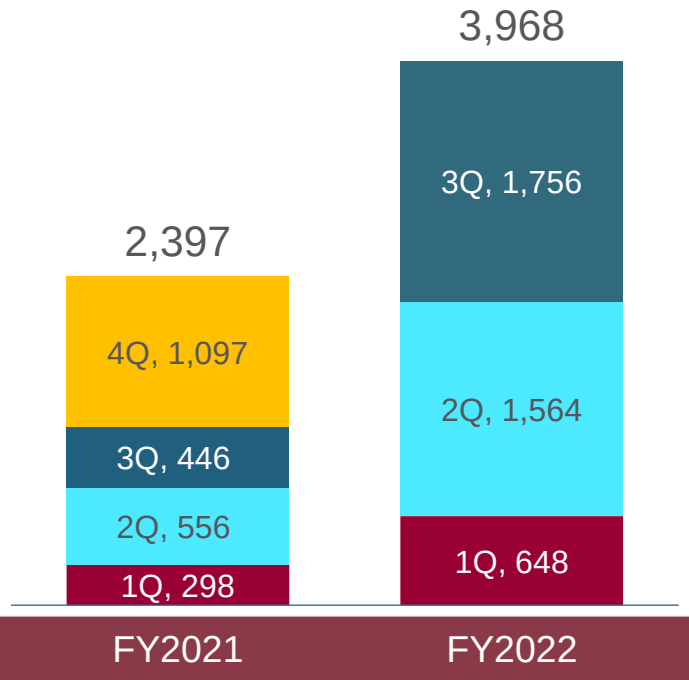
Inventory Turn-over (months)

Increase in inventory towards sales expansion forecast in 4Q and beyond



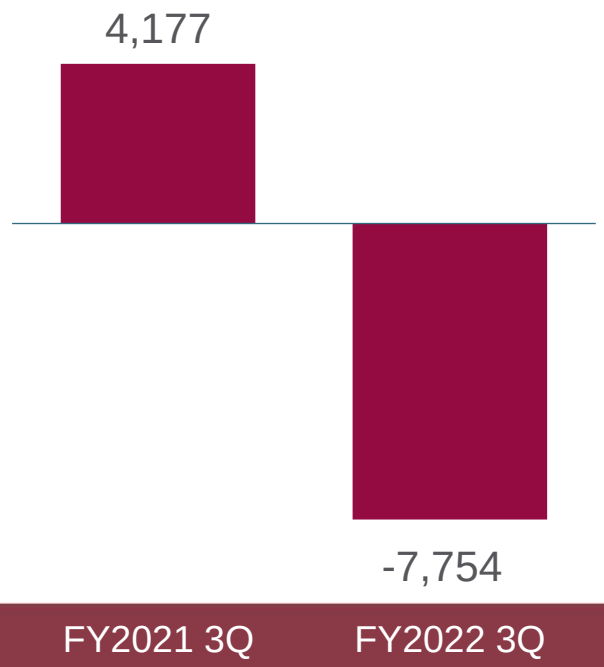
CAPEX (¥million)

Promoting capital investment for future growth



Free CF (¥million)

Increased inventory and CAPEX associated with future growth



TRANSFORM NEXT 2023

Copyright © 2022 Tsubaki Nakashima Co, Ltd. All rights reserved.

Growth Strategies (3Q FY2022)

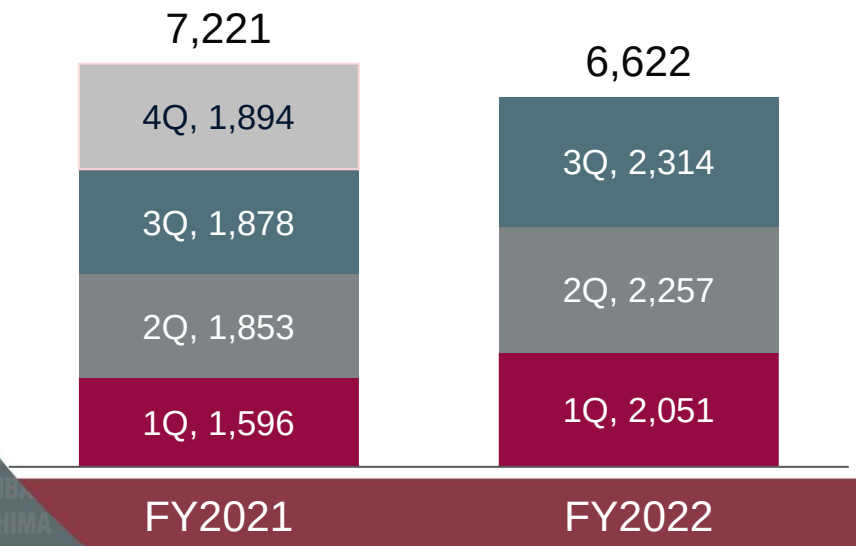
Ceramic balls continue to be a strong driver of growth strategy in 3Q

(¥million)

Ceramic balls

YoY +430 +23.2%

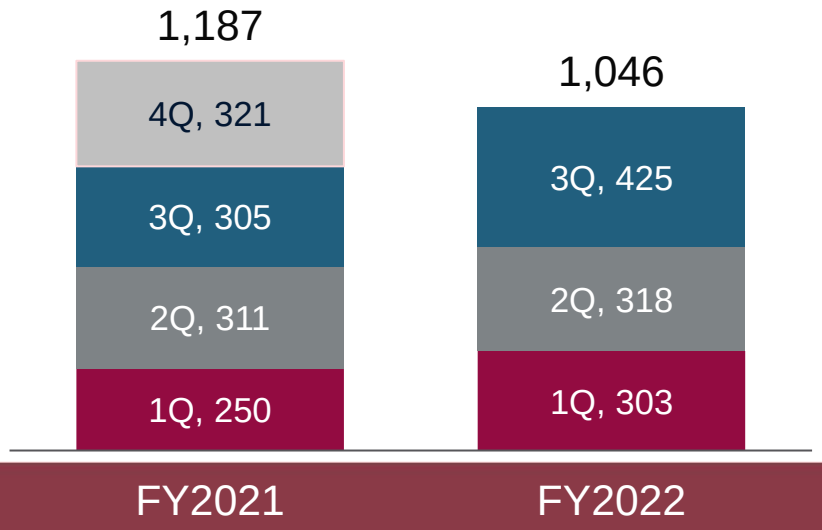
QoQ +57 +2.5%



Medical Device

YoY +120 ＋39.3%

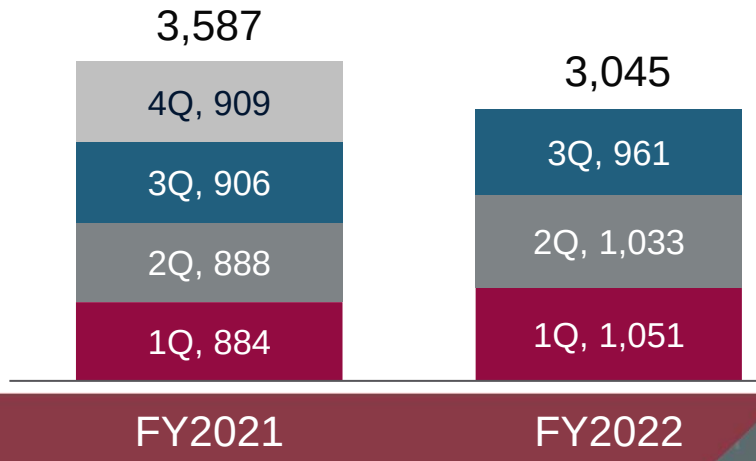
QoQ +107 ＋33.6%



Growth in Asia (ex. China, ceramic)

YoY +55 +6.1%

QoQ ▲72 ▲7.0%



TRANSFORM NEXT 2023

Copyright © 2022 Tsubaki Nakashima Co, Ltd. All rights reserved.

FY2022 Revised Forecast

While sales are expected to exceed the initial forecast due to the price pass-through of raw material price hikes and the effect of yen depreciation, OP are expected to be lower than initial forecasts, mainly due to the additional cost resulting from further surge in raw material and energy costs. Dividend remains unchanged from the previous forecast (year-end dividend of ¥17/share, annual dividend of ¥30/share).

(¥million)

	Previous	Revised	Inc/dec	Inc/dec%
Sales	77,000	78,000	1,000	1.3%
Operating profit	5,650	4,100	▲ 1,550	▲ 27.4%
EBIT	4,555	4,100	▲ 455	▲ 10.0%
Net profit※	2,432	2,300	▲ 132	▲ 5.4%
EPS(Yen)	59.75	56.77	▲ 2.98	▲ 5.0%

※"Net profit" on this slide refers to "Profit attributes to owners of the parent"

TRANSFORM NEXT 2023

Copyright © 2022 Tsubaki Nakashima Co, Ltd. All rights reserved.

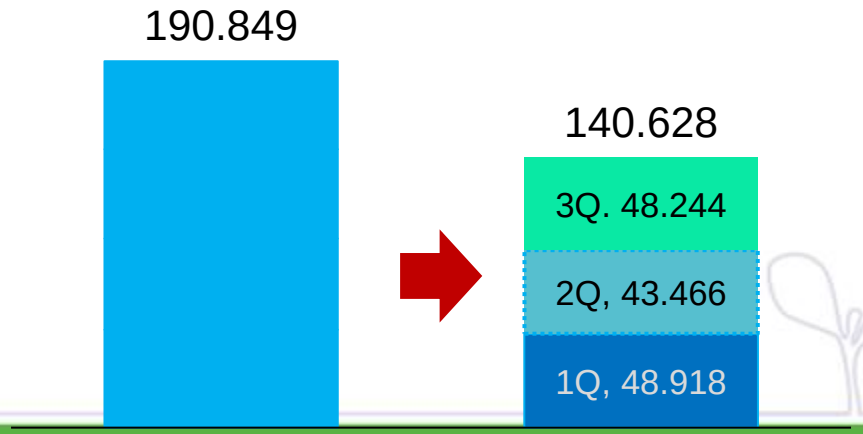
Sustainability Initiatives

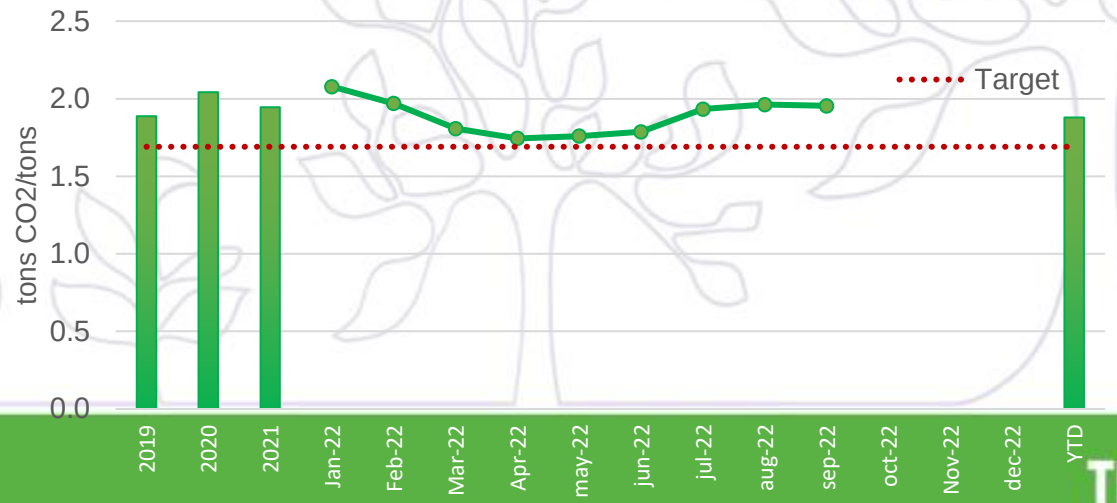
CO_2 Emission Reduction Targets

- -27.5% Ton CO_2 by 2030 compared to 2019
- Aiming to achieve carbon neutrality by 2050

2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
182.923 TON CO_2	166.276 TON CO_2	190.849 TON CO_2	169.204 TON CO_2	164.631 TON CO_2	160.058 TON CO_2	155.485 TON CO_2	150.911 TON CO_2	146.338 TON CO_2	141.765 TON CO_2	137.192 TON CO_2	132.619 TON CO2

OUR TARGETS





ESG Strategy

TRANSFORM NEXT 2023

Copyright © 2022 Tsubaki Nakashima Co, Ltd. All rights reserved.

Disclaimer

This presentation is based on the economic, regulatory, market and other conditions as in effect on the date hereof, and Tsubaki Nakashima does not guarantee that this information is accurate or complete. Subsequent developments may affect the information contained in this presentation, which Tsubaki Nakashima is not under an obligation to update, revise or affirm. The information in this presentation is subject to change without prior notice and such information may change materially. Neither this presentation nor any of its contents may be disclosed to or used by any other party for any purpose without the prior written consent of Tsubaki Nakashima.

This presentation contains statements that constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995, including estimations, forecasts, targets and plans. Such forward-looking statements do not represent any guarantee by management of future performance. In many cases, but not all, Tsubaki Nakashima uses such words as “aim,” “anticipate,” “believe,” “continue,” “endeavor,” “estimate,” “expect,” “initiative,” “intend,” “may,” “plan,” “potential,” “probability,” “project,” “risk,” “seek,” “should,” “strive,” “target,” “will” and similar expressions to identify forward-looking statements. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Any forward-looking statements in this document are based on the current assumptions and beliefs of Tsubaki Nakashima in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause Tsubaki Nakashima’s actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by such forward-looking statements.

The information in connection with or prepared by companies or parties other than Tsubaki Nakashima is based on publicly available and other information as cited, and neither Tsubaki Nakashima nor any of its advisors have independently verified the accuracy and appropriateness of, and do not make any warranties with respect to, such information.

This presentation is an English translation of the material initially written in Japanese, which should be considered to be the primary version.

Copyright © 2022 Tsubaki Nakashima Co, Ltd. All rights reserved.

TRANSFORM NEXT 2023