1Q FY2023　Results Presentation

May 12, 2023

Tsubaki Nakashima Co., Ltd.

（Prime Market of TSE 6464）

TSUBAKI NAKASHIMA

Highlights for 1Q FY2023

While sales increased YoY mainly due to the impact of foreign exchange rates, profit growth was sluggish

Sales

- While sales growth was sluggish due to the slowdown in the auto industry, sales increased YoY to ¥19.7 billion owing to the impact of higher energy and raw material prices, which were passed on to selling prices, as well as the impact of foreign exchange rates. Excluding FX impact ▲1.5% YoY
- Combined Sales for the growth strategies also increased YoY to ¥3.8 billion

Profits

- While cost improvement was effective, operating profits were limited to ¥1.5 billion to sluggish sales growth excluding FX impact
  （Progress remains at 17% of guidance in February)

Dividend

- Annual dividend ¥48/share as per guidance. Interim dividend has not been decided yet at this time.

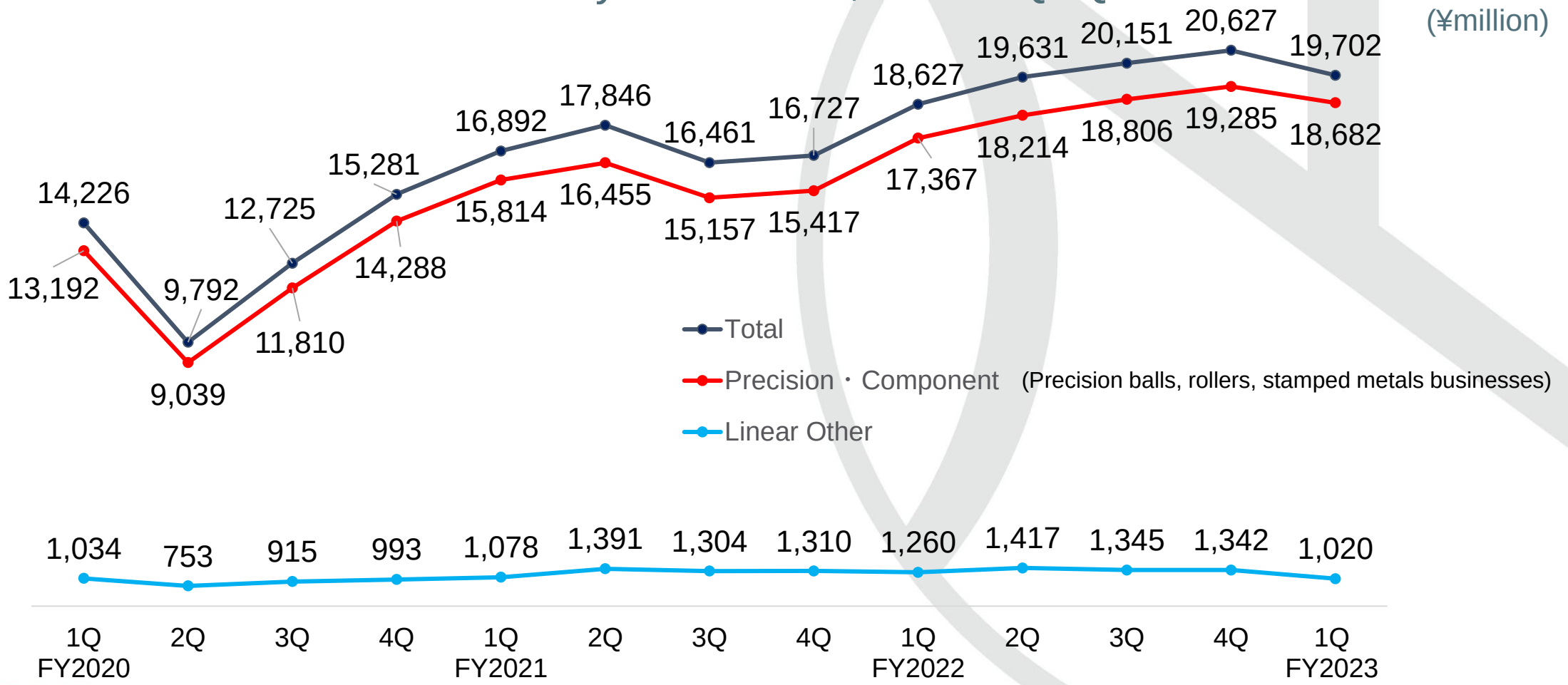
TSUBAKI NAKASHIMA

Copyright © 2023 Tsubaki Nakashima Co, Ltd. All rights reserved.

Sales by Quarter

Sales of Precision Components increased by 7.6% YoY, decreased by 3.1% QoQ
Sales of Linear Other decreased by 19.0% YoY, 24.0% QoQ

(¥million)

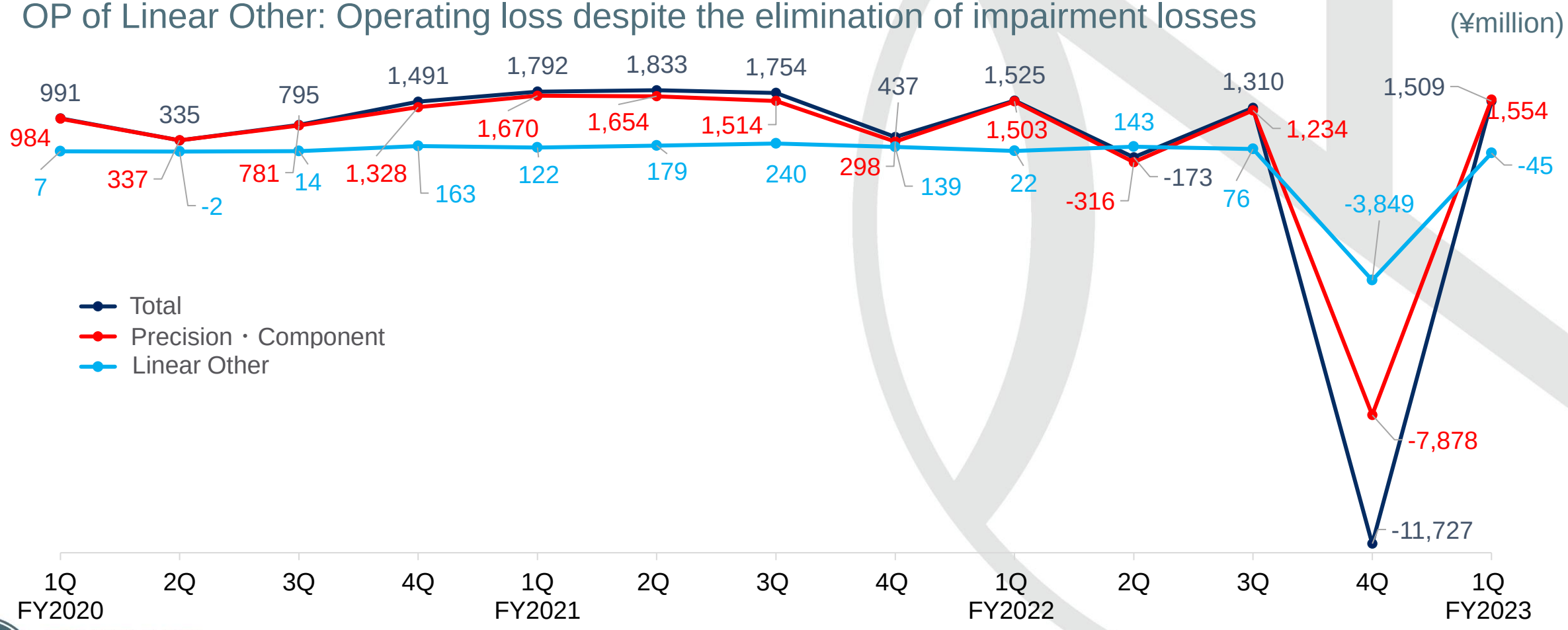


Copyright © 2023 Tsubaki Nakashima Co, Ltd. All rights reserved.

Operating profit by Quarter

OP of Precision Components: Increased 3.4% YoY to ¥1,554 million due to the elimination of impairment losses

OP of Linear Other: Operating loss despite the elimination of impairment losses



Copyright © 2023 Tsubaki Nakashima Co, Ltd. All rights reserved.

1Q FY2023 Consolidated results (YoY)

Sales decreased by 1.5% and OP decreased by 4.5%(excluding FX impact)

(¥million)

	FY2022 1 Q	FY2023 1Q			
	Actual	Actual	FX impact	Inc/dec※1	Inc/dec%※1
Sales	18,627	19,702	1,363	▲ 288	▲ 1.5%
Operating profit	1,525	1,509	53	▲ 69	▲ 4.5%
OP%	8.2%	7.7%	—	—	—
EBITDA	2,406	2,268	95	▲ 233	▲ 9.7%
EBIT	1,438	1,229	53	▲ 262	▲ 18.2%
Net profit	1,045	655	23	▲ 413	▲ 39.5%

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

TSUBAKI NAKASHIMA

Copyright © 2023 Tsubaki Nakashima Co, Ltd. All rights reserved.

1Q FY2023 Segment/Region Sales (YoY)

(¥million)

	FY2022 1Q	FY2023 1Q			
	Actual	Actual	FX impact	Inc/dec※1	Inc/dec%※1
Consolidated	18,627	19,702	1,363	▲ 288	▲ 1.5%
Precision Components※2	17,367	18,682	1,351	▲ 36	▲ 0.2%
Japan	3,286	3,511	—	225	6.8%
North America	3,384	3,876	479	13	0.4%
Europe	6,489	6,823	561	▲ 227	▲ 3.5%
China	3,486	3,678	227	▲ 35	▲ 1.0%
Asia(ex. China)	722	794	84	▲ 12	▲ 1.7%
Linear and Other	1,260	1,020	11	▲ 251	▲ 19.9%

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

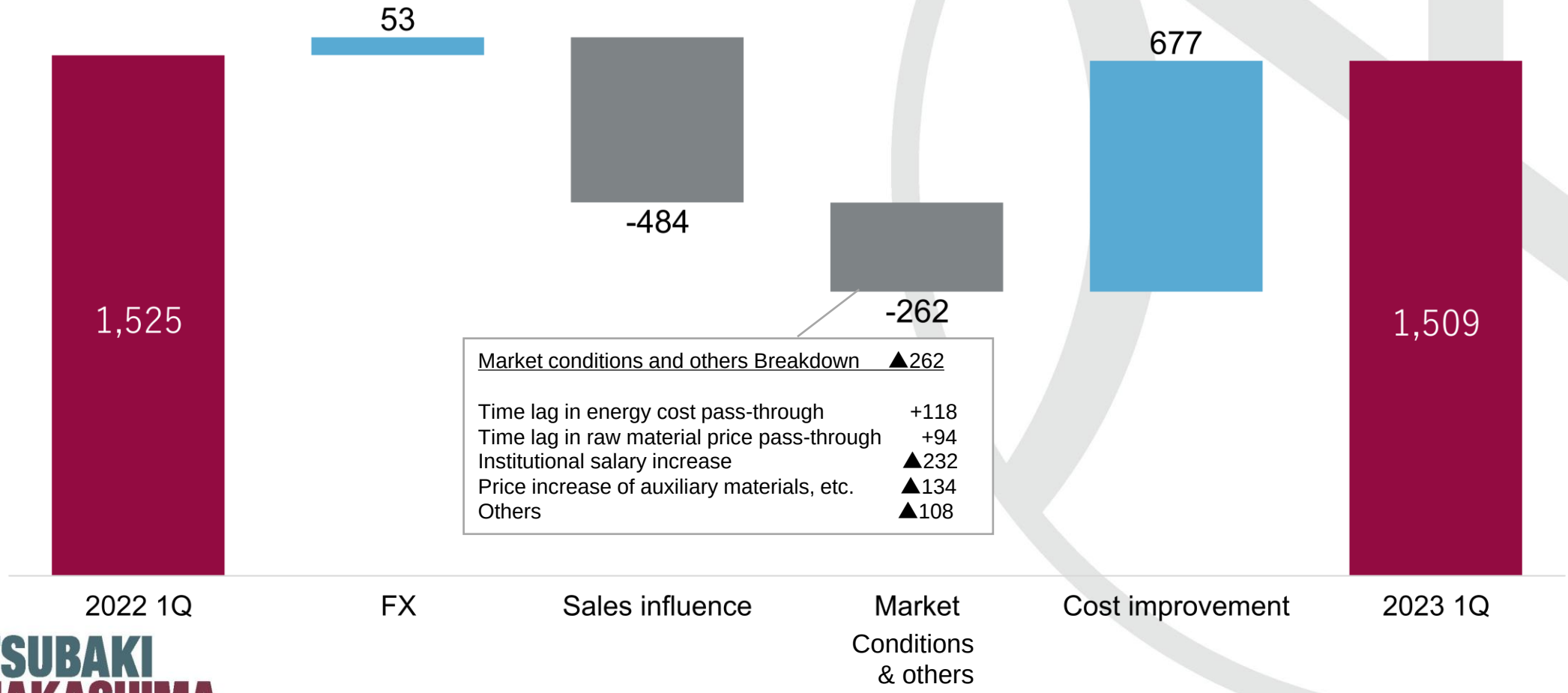
TSUBAKI NAKASHIMA

Copyright © 2023 Tsubaki Nakashima Co, Ltd. All rights reserved.

1Q FY2023 Operating profit bridge

Operating profit decreased by 1.1% YoY to ¥1,509 million due to lower sales and the impact of market conditions and other factors.

(¥million)



Market conditions and others Breakdown ▲262

Time lag in energy cost pass-through	+118
Time lag in raw material price pass-through	+94
Institutional salary increase	▲232
Price increase of auxiliary materials, etc.	▲134
Others	▲108

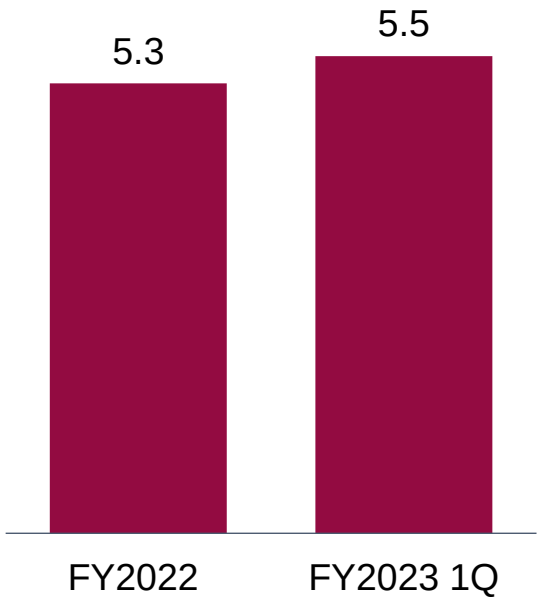
TSUBAKI NAKASHIMA

Copyright © 2023 Tsubaki Nakashima Co, Ltd. All rights reserved.

BS/CF

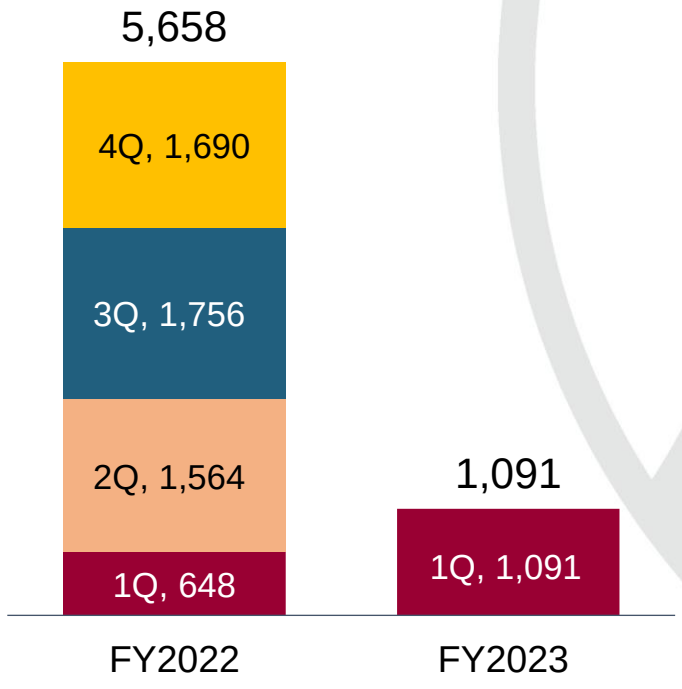
Inventory Turn-over (months)

Increase in inventory due to sales decline



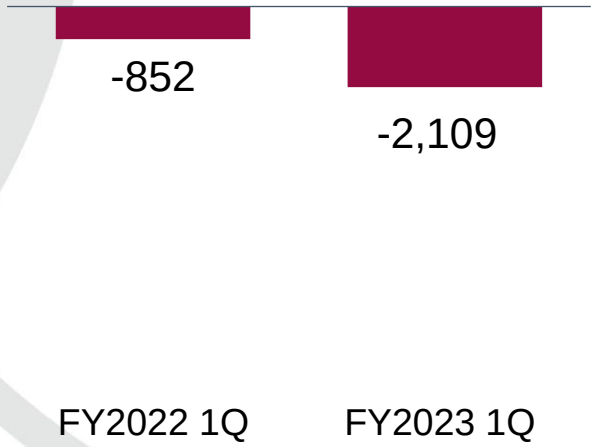
CAPEX (¥million)

Promoting capital investment for future growth



Free CF (¥million)

Increased CAPEX (¥1,091 million) associated with future growth and severance payment for restructuring of Roller Business in the Netherlands (¥1,217 million)



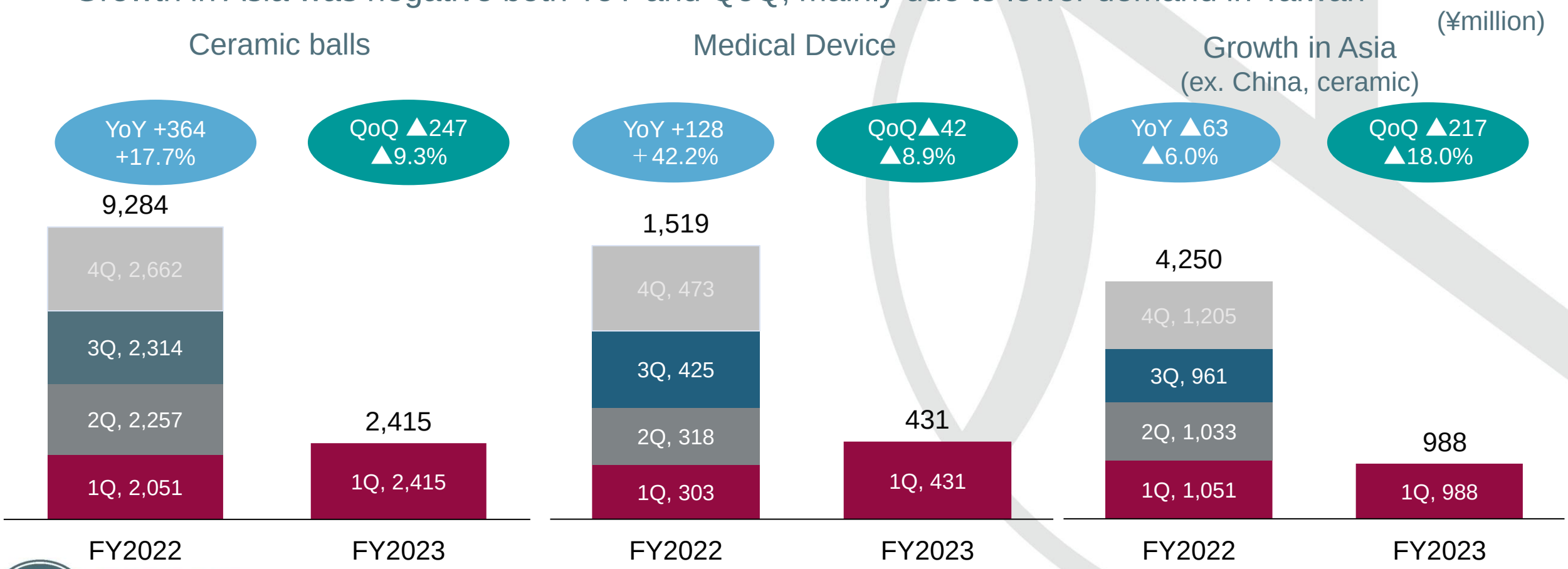
TSUBAKI NAKASHIMA

Copyright © 2023 Tsubaki Nakashima Co, Ltd. All rights reserved.

Progress in Growth Strategies (1Q FY2023)

Ceramic balls and medical devices increased significantly YoY
QoQ, ceramic balls temporarily decreased due to inventory adjustments in some regions
Growth in Asia was negative both YoY and QoQ, mainly due to lower demand in Taiwan

(¥million)

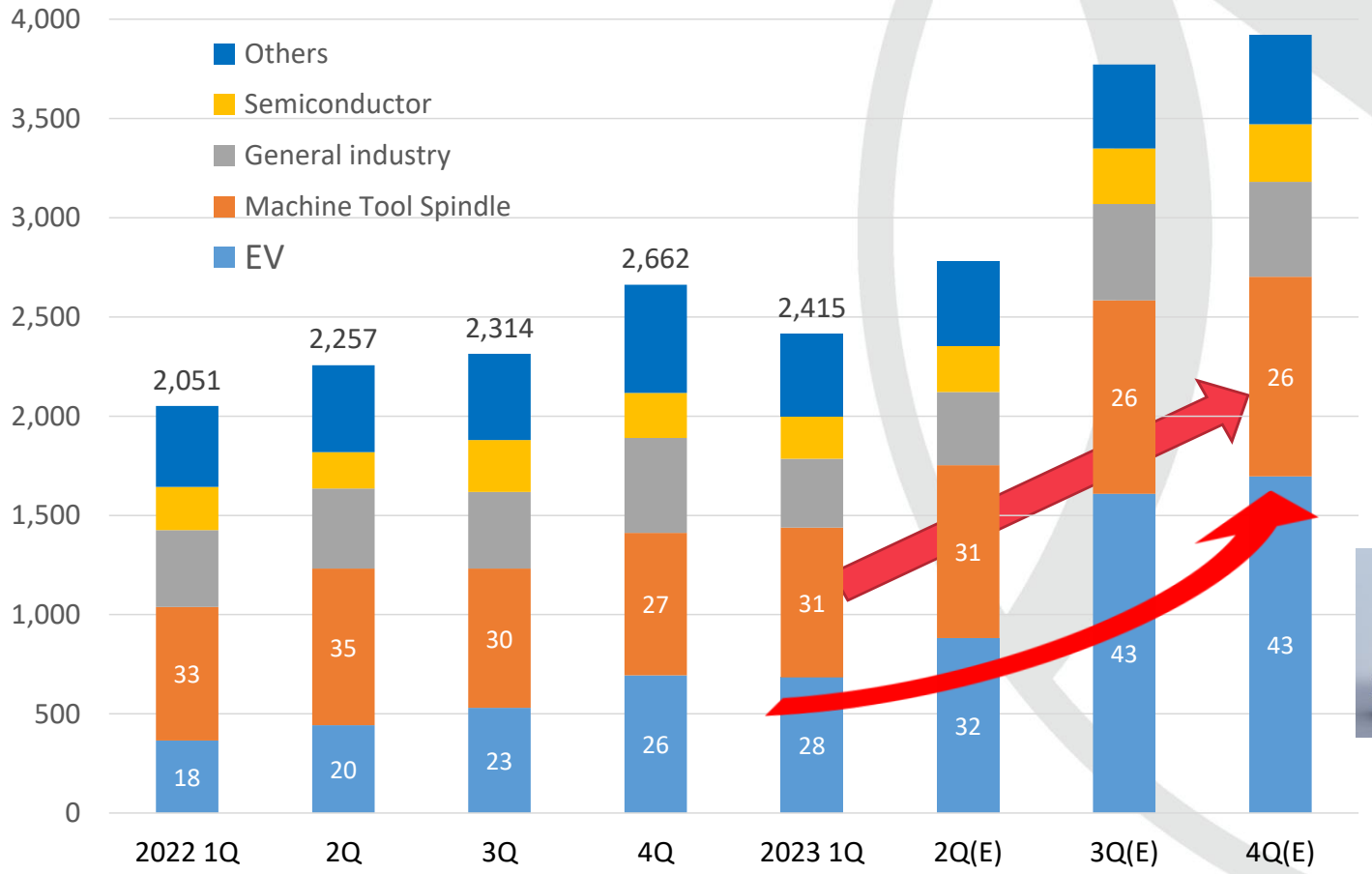


TSUBAKI NAKASHIMA

Copyright © 2023 Tsubaki Nakashima Co, Ltd. All rights reserved.

Ceramic Ball Sales Trend / Forecasts by Application

Ceramic balls driven by EV applications. In 2Q 2023, EV applications will overtake machine tool spindle applications and reach the top share (32%), and we expect the share to reach 40% or more in 3Q. Solid growth is also expected for machine tool spindles in terms of sales amount





TSUBAKI NAKASHIMA

Copyright © 2023 Tsubaki Nakashima Co, Ltd. All rights reserved.

Sustainability Initiatives

Last year, we underwent our first CDP audit and received a "B" rating, the third highest on an eight-point scale. We will continue our efforts to strengthen our climate change measures.

CO_2 Emission Reduction Targets

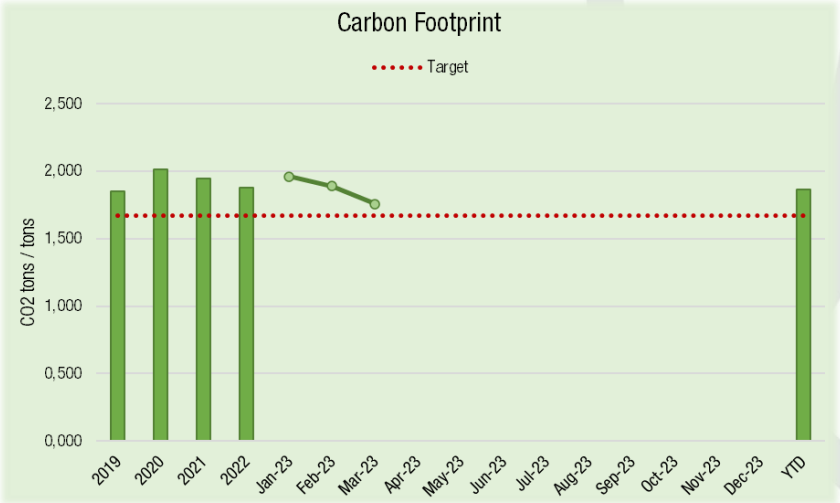
- -27.5% Ton CO_2 by 2030 compared to 2019
- Aiming to achieve carbon neutrality by 2050

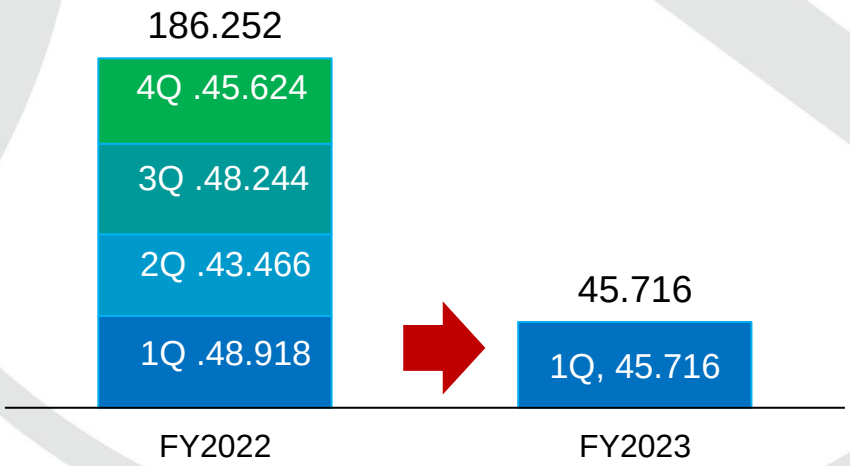
- improving **energy efficiency** of the plants
- implementation of **renewable energy systems**
- strategy for **purchasing green energy**

OUR TARGETS

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	186.252 TON CO_2	179.548 TON CO_2	172.844 TON CO_2	166.140 TON CO_2	159.436 TON CO_2	152.731 TON CO_2	146.027 TON CO_2	139.323 TON CO_2	132.619 TON CO_2

CARBON FOOTPRINT	Q1 2022	Q1 2023	2023 vs 2022 %
JAPAN	2,5	2,4	-5%
AMERICAS	1,6	1,5	-7%
EUROPE	1,6	1,5	-7%
CHINA	2,1	2,1	0%
CERAMIC	36,6	31,8	-15%
MEDICAL	3.2.	4,3	+26%
TN	1,92	1,86	-4%





TSUBAKI NAKASHIMA

Copyright © 2023 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.

TSUBAKI NAKASHIMA

Copyright © 2023 Tsubaki Nakashima Co, Ltd. All rights reserved.