FY2025 Q1 Results Presentation

May 13, 2025

Tsubaki Nakashima Co., Ltd.

（Prime Market of TSE 6464）

TSUBAKI NAKASHIMA

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FY2025Q1 (Jan.-Mar. 2025) Summary

(¥100M)	Sales	Operating profit	EBITDA
	182.7	3.6	12.4
YoY	-8.5%	-76.2%	-46.7%
Excluding FX impact	-9.8%	-77.0%	-47.2%
Progress vs. FY25 full-year guidance	25.6%	35.8%	-

- Sales decreased by 8.5% YoY affected by the downturn in the European automotive industry and other sectors.
- In the growth strategies, while sales of ceramic balls were relatively sluggish, Indian market, aerospace & defense market, and engineered plastic components (EPC) remained favorable.
- Operating profit fell by 76.2% YoY due to lower sales and increased headcount costs, despite the positive effects of cost improvements and procurement efficiency pursued as one of the key strategies in our Medium-term Business Plan announced in February.
- There are no changes to the full-year forecast at this point, but we are concerned about the negative impact on our performance due to the currency and tariff policies of the new U.S. administration as we approach the end of the second half.

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

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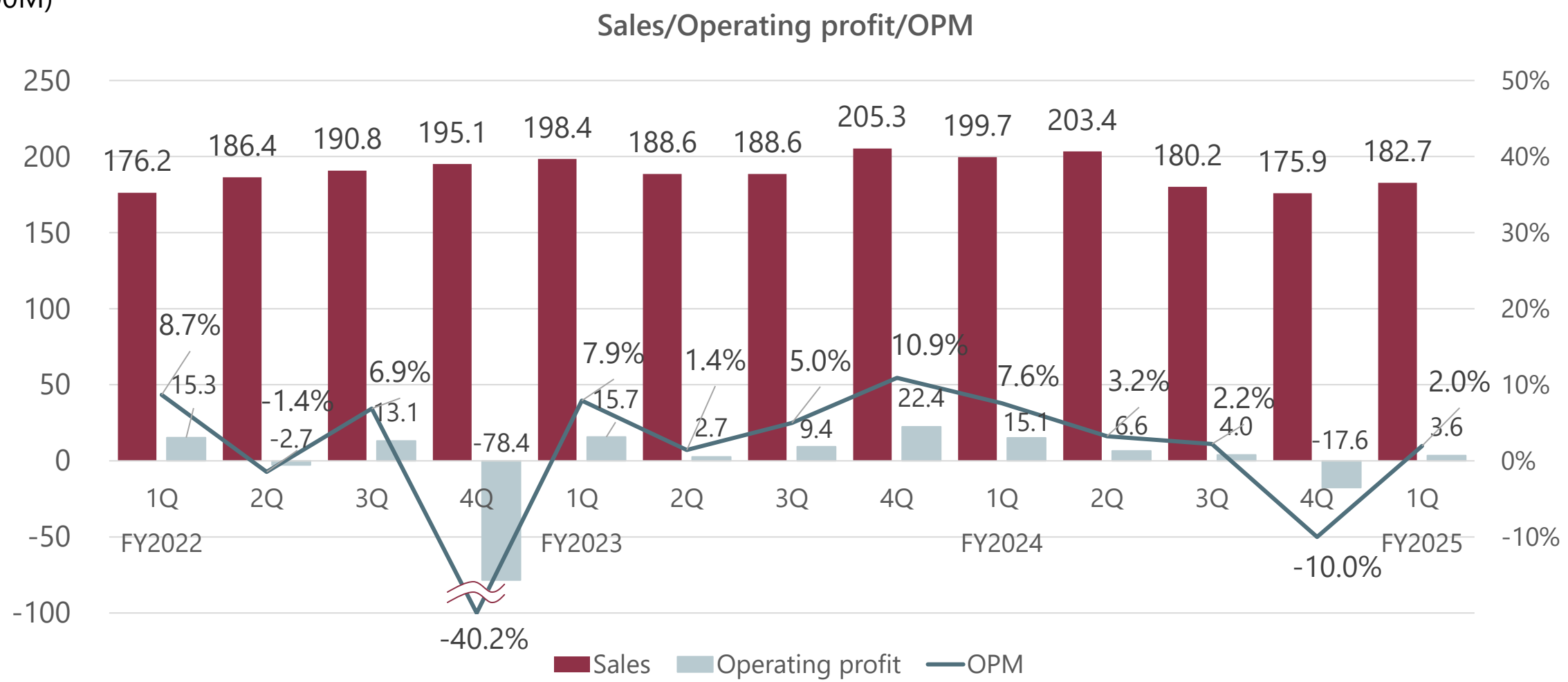
Quarterly Trends (Sales/Operating Profit/OPM)

(¥100M)



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FY2025Q1 Consolidated Financial Results (YoY)

Sales declined by 9.8% YoY (excluding FX impact) with the main cause being the decline in European market.
Operating profit declined by 77.0% YoY (excluding FX impact) caused by sales decline, spendings in structural reform, and market conditions.
Profit Before Tax (PBT) and Net profit became in the red due to foreign exchange losses.

(¥100M)	FY2024 1Q	FY2025 1Q			
	Actual	Actual	FX impact	YoY (amount)[1)]	YoY (%)[2)]
Sales	199.7	182.7	2.6	-19.5	-9.8%
Operating profit	15.1	3.6	0.1	-11.6	-77.0%
Vs. sales (%)	7.5%	2.0%	–	–	–
EBITDA	23.2	12.4	0.1	-10.9	-47.2%
PBT	11.0	-5.5	0.1	-16.7	–
Net profit	9.1	-5.6	0.1	-14.8	–

1) "YoY (amount) "and 2) "YoY (%)" excludes foreign exchange impact

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FY2025Q1 Sales by Segment and Regions (YoY)

Precision Components sales declined by 9.6%.
The trend of sales by region is similar to the second half of the previous year. Europe has the largest decline, while China remains with a slight decrease.
Asia (excluding China) has mixed results with favorable Indian market (steel balls) and unfavorable Thai market (ceramics) .

(¥100M)	FY2024 1Q	FY2025 1Q			
	Actual	Actual	FX impact	YoY (amount)[3]	YoY (%)[4]
Consolidated basis	199.7	182.7	2.6	-19.5	-9.8%
Precision components [1]	196.2	180.0	2.6	-18.8	-9.6%
Japan	30.6	28.8	0.0	-1.9	-6.1%
North America	40.4	38.1	1.0	-3.4	-8.3%
Europe	72.6	60.5	0.2	-12.3	-17.0%
China	38.1	38.4	0.6	-0.3	-0.8%
Asia (excluding China)	14.5	14.2	0.7	-0.9	-6.5%
Others [2]	3.5	2.8	0.0	-0.7	-19.8%

1) Excludes inter-regional transactions 2) 'Others' segment indicates 'Blower Real Estate Business' segment from FY2024Q4.
3) YoY (amount) and 4) YoY (%) excludes FX impacts

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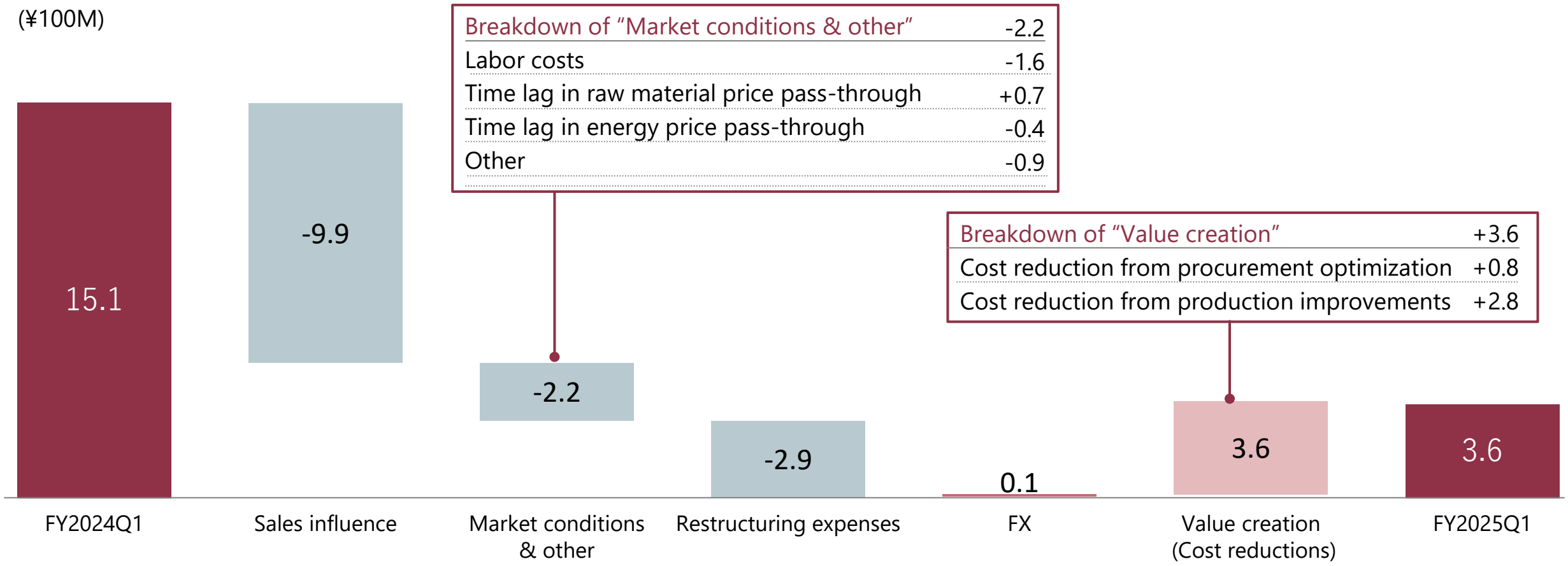
FY2025Q1 Operating Profit vs FY2024Q1 Operating Profit

While the effects of cost improvements were seen, operating profit fell by 76.2% due to a decline in sales, impacts from market conditions and other factors, as well as due to restructuring expenses.



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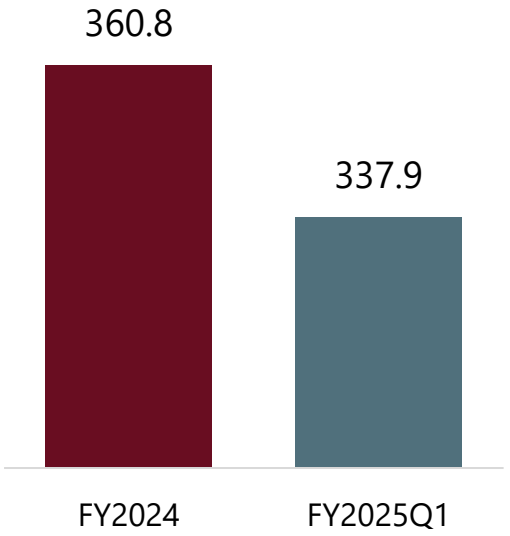
BS/CF

Inventory (¥100M)

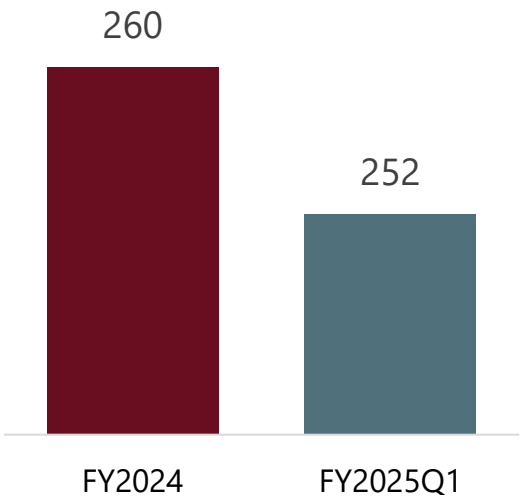
Reduced by 2.3 billion yen



Cash conversion cycle (days)

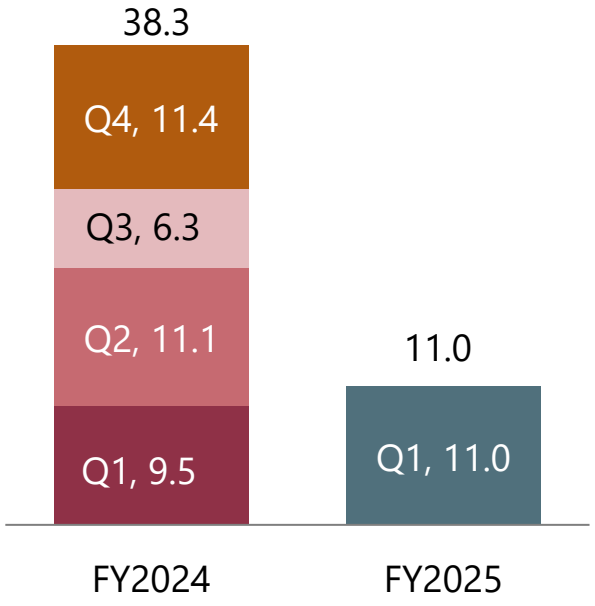
Improved by 8 days

	FY2024	FY2025Q 1
Inventory turnover period	202	191
A/R turnover period	92	94
A/P turnover period	34	33



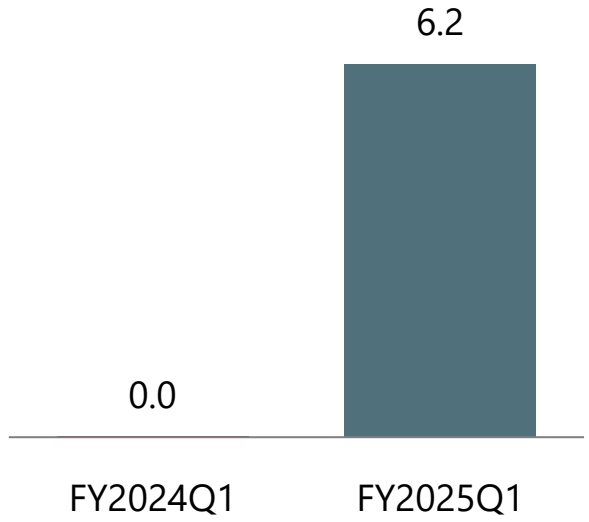
CAPEX (¥100M)

Proceeding as planned



FCF (¥100M)

Improvement through inventory reduction



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Progress of the New Mid-Term Business Plan: Value Creation Pillars

(¥100M)

Six pillars of value creation	I Global manufacturing footprint optimization	II Procurement cost reduction By global sourcing	III Productivity enhancement By operational improvement/ automation	V Optimize pricing and rationalize low-profit products	IV Focus on growth segments (India, Aerospace & Defense, Ceramic ball, EPC)	VI Working capital reduction by inventory optimization and AP/AR reduction FY24: 260 days to FY29: 175 days
FY29 profit contribution/ Sales contribution/ Cash conversion cycle	**FY29 profit contribution (vs. FY24)** +20	+25	+45	+10	**FY29 sales contribution (vs. FY24)** +110	**Cash conversion cycle (CCC) (vs. FY24)** -85days
FY25 plan (vs. FY24)	To be achieved mid to long term	+2.2	+10.8	+3.4	Please refer to next page	CCC -17 days
FY25Q1 progress (vs. FY24)		+0.8	+2.8	+0.6		CCC -8 days

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Progress of the New Mid-Term Business Plan: FY2025Q1 Growth Segment Sales

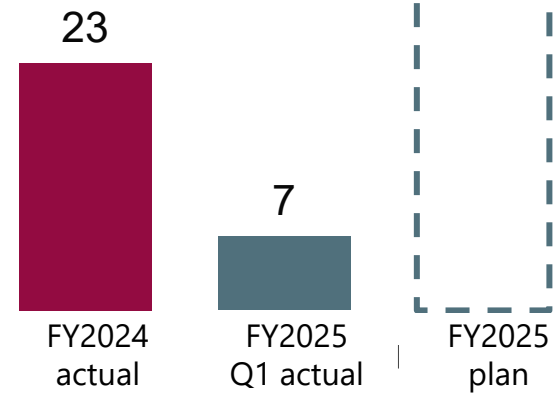
The new mid-term business plan focuses on the Indian market, aerospace & defense, ceramic balls, and engineered plastic components as growth segments. We expect significant growth in the Indian market in the fiscal year 2025.

(¥100M)

Indian Market



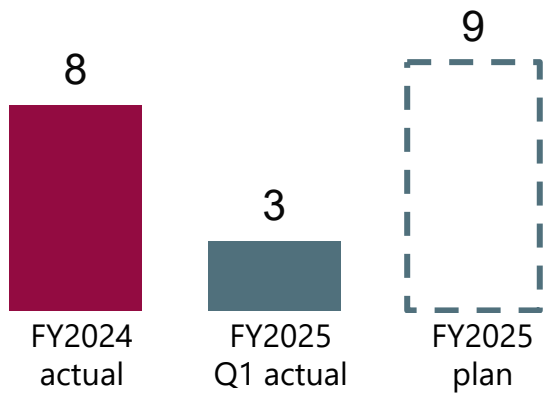
Q1 progress vs annual plan 22.2%



Aerospace & Defense



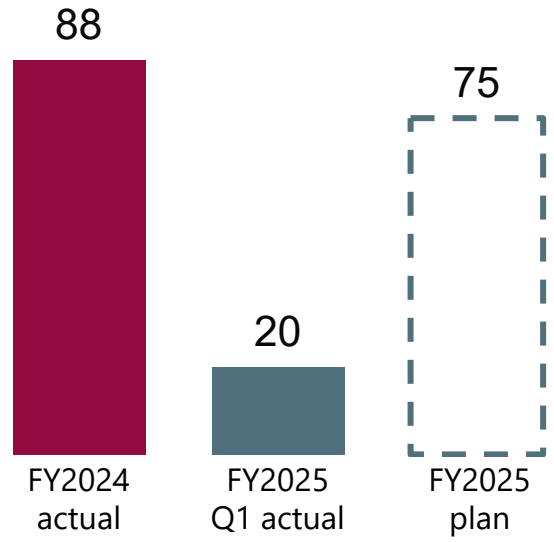
Q1 progress vs annual plan 28.8%



Ceramic Balls



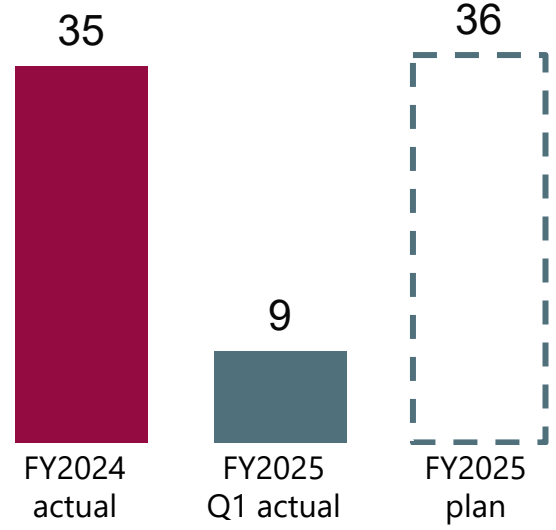
Q1 progress vs annual plan 26.1%



Engineered Plastic Components (EPC)



Q1 progress vs annual plan 23.7%



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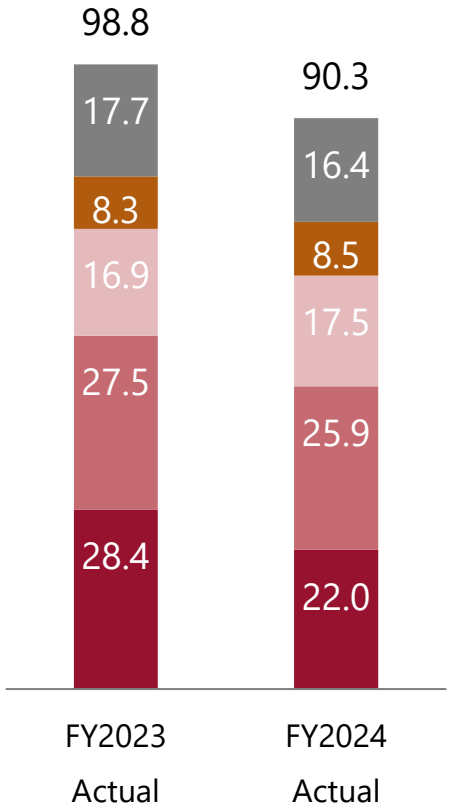
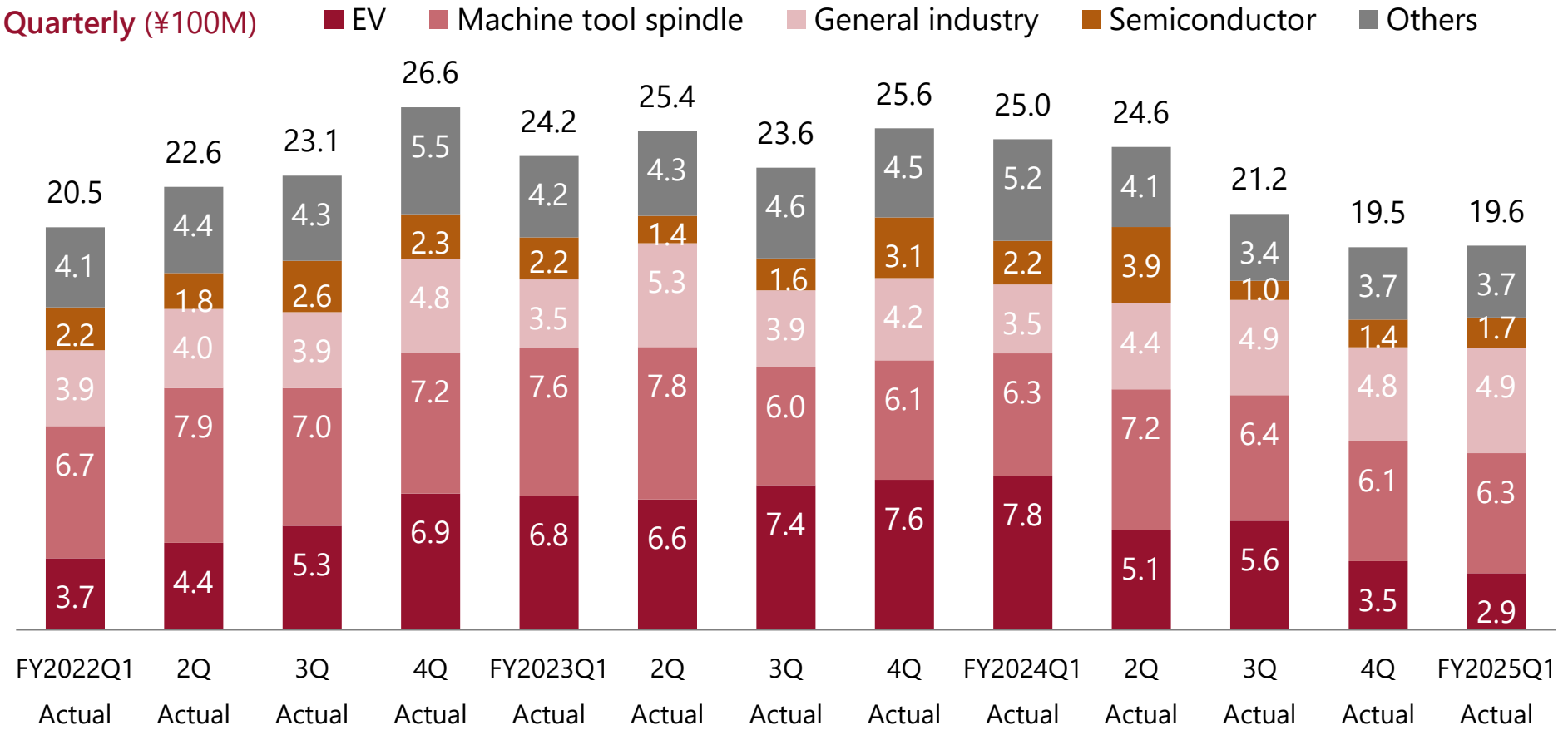
(For Reference) Trends of Ceramic Ball Sales by Applications

In terms of applications for ceramic balls, the demand for EVs has significantly dropped.

Annual (¥100M)



Quarterly (¥100M)



Note: ¥200M sales of FY2024 actual is for aerospace & defense

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Sustainability Initiatives

FY2024Q1 Key projects	• Preparation of the **2024 ESG report**. Expected release date: June 2025 • Focus on the development of the **top 10 projects** that merge the concept of **sustainability** and **cost savings** (i.e. energy efficiency projects): -1.4% of total TN's energy consumption (i.e. -2% of CO_2 emissions)

Carbon footprint (CF)

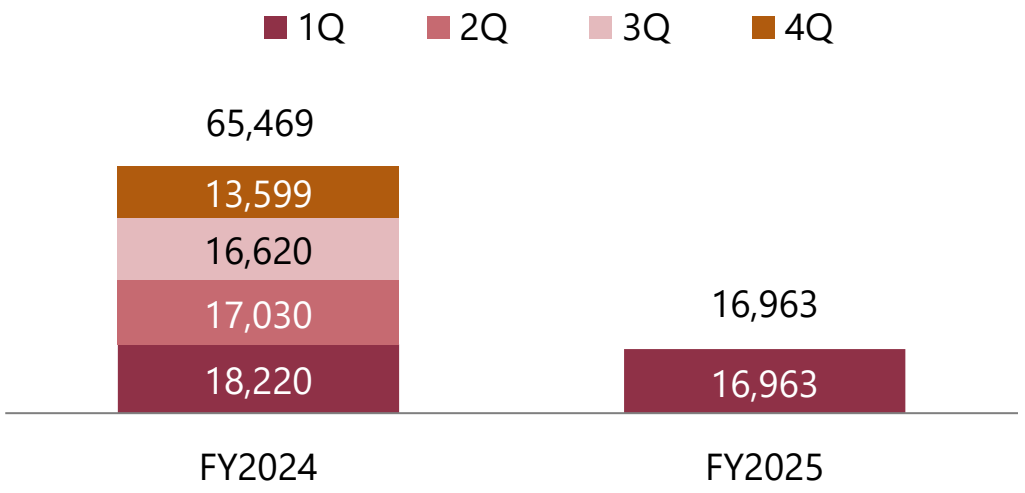
(CO_2 tons/tons)

	FY2024Q1	FY2025Q1	YoY
Japan	0.66	0.81	+0.24
West	0.70	0.78	+0.08
Ceramic	12.5	13.0	+0.05
China	0.64	0.58	-0.06
Rollers	1.52	1.63	+0.11
EPC	1.83	2.27	+0.44
TN	0.78	0.77	-0.01

- Our FY2024Q1 carbon footprint result of 0.77 is better than the annual target 0.80
- It is also better than FY2024Q1 result of 0.78 (1% reduction YoY)

CO_2 emissions

(CO_2 tons)



- YoY 7% CO_2 emissions reduction

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Progress on Quality Compliance Committee Initiatives (1)

Quality Compliance Committee Initiatives and Structure

Steering Committee

- CEO
- CFO
- CMO
- CHRO
- BU President
- Transformation Director
- Legal Advisor (external)

Board of Directors

Chairperson
CEO: Itaru Matsuyama

Implementation Leader
Global Quality & EHS Director

PMO：Transformation Director

Reinforcement of Companywide Quality Assurance and Quality Control	Personnel System and Organizational Culture Reform	Review of Control Environment	Implement thorough compliance training	Strengthen risk management
Responsibility of Global Quality & EHS Director	Responsibility of CHRO	Responsibility of the Head of Internal Audit	Responsibility of Global Legal & Compliance Director	Responsibility of CEO

In mid-March, the person in charge for each theme were appointed, and measures for improvement and a schedule (progress check sheet) for each theme was formulated.
Currently, activities are being developed based on the progress check sheet. The company-wide deployment and execution are scheduled to be completed by December 2025.

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Progress on Quality Compliance Committee Initiatives (2)

On track
Delayed

Initiatives	Action plans	Action status	Progress	Due date
Reinforcement of Companywide Quality Assurance and Quality Control	1. Define Objectives & Scope – Thoroughness of the Essence of Quality Assurance	On track	25–49%	Jun.
	2. Secure Leadership Commitment – Involve top management and engage teams at all levels	On track	25–49%	Dec.
	3. Identify and Standardize Processes – Map key workflows and establish best practices	On track	25–49%	Dec.
	4. Develop Documentation – Create policies, procedures and work instructions for consistency	On track	0-24%	Sep.
	5. Train and Communicate – Ensure employees understand their roles in maintaining quality	On track	0-24%	Dec.
	6. Implement and Monitor – Track KPIs and assess performance	On track	0-24%	Dec.
	7. Audit and Improve – Conduct regular reviews and drive continuous improvement	On track	0-24%	Dec.
Personnel System and Organizational Culture Reform	1. Introduction of Company Purpose/Vision/Mission/Values	On track	0-24%	Jun.
	2. Education and Training across Leadership / Management Levels	On track	0-24%	Nov.
	3. Talent Selection and Succession	On track	0-24%	Nov.
	4. Assessment	On track	0-24%	Dec.
Review of Control Environment	1. Strengthen internal audit function regarding Quality Audit	On track	25–49%	Dec.
	2. Enhancement of whistleblowing system	On track	50–74%	Dec.
Implement thorough compliance training	1. Compliance framework building	Delayed	0-24%	Sep.
	2. Creation/update of compliance policies, guidelines and guidance	On track	0-24%	Sep.
	3. Design and implementation planning of compliance training targeting employees (non-managers)	On track	0-24%	Dec.
	4. Design and implementation planning of compliance training targeting employees (managers)	On track	0-24%	Dec.
Strengthen risk management	1. Risk based thinking tools/system	On track	50–74%	Sep.
	2. Risk Management review	On track	0–24%	Dec.

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APPENDIX

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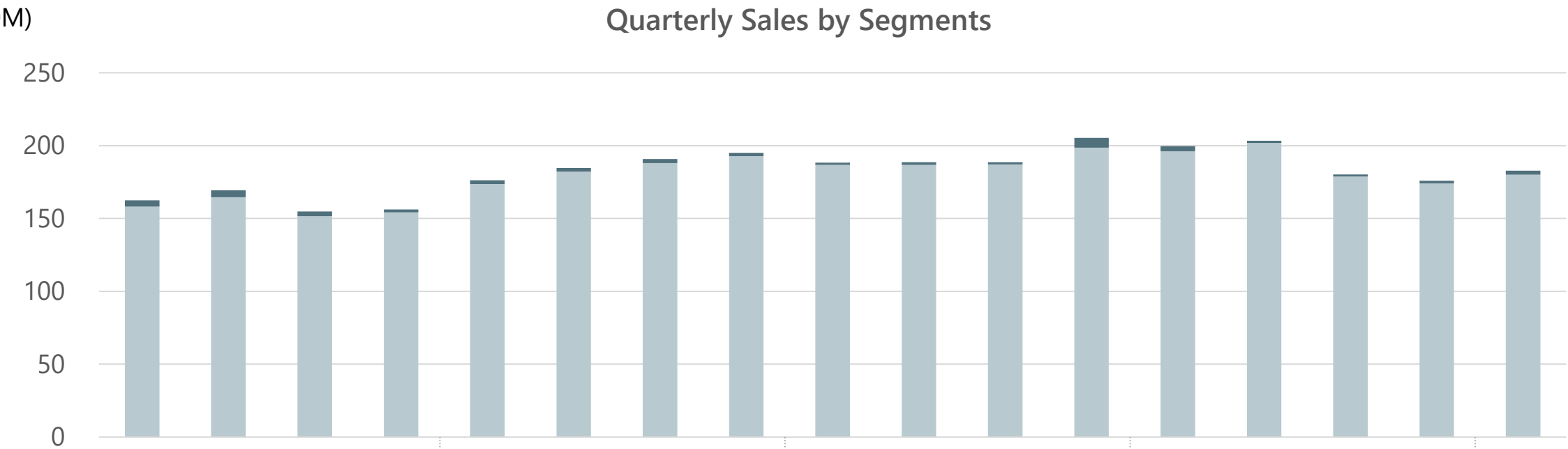
Quarterly Trends by Segments (Sales)

(¥100M)



	1Q FY2021	2Q	3Q	4Q	1Q FY2022	2Q	3Q	4Q	1Q FY2023	2Q	3Q	4Q	1Q FY2024	2Q	3Q	4Q	1Q FY2025
Precision Components	158.1	164.6	151.6	154.2	173.7	182.1	188.1	192.8	186.8	186.8	187.1	198.6	196.2	201.9	178.8	174.1	180.0
Others	4.3	4.8	3.2	2.0	2.5	2.5	2.8	2.3	1.6	1.8	1.5	6.7	3.5	1.5	1.4	1.9	2.8

*The above figures through the end of 2023 have not been audited by an accounting auditor.
'Others' segment indicates 'Blower Real Estate Business' segment from FY2024Q4.

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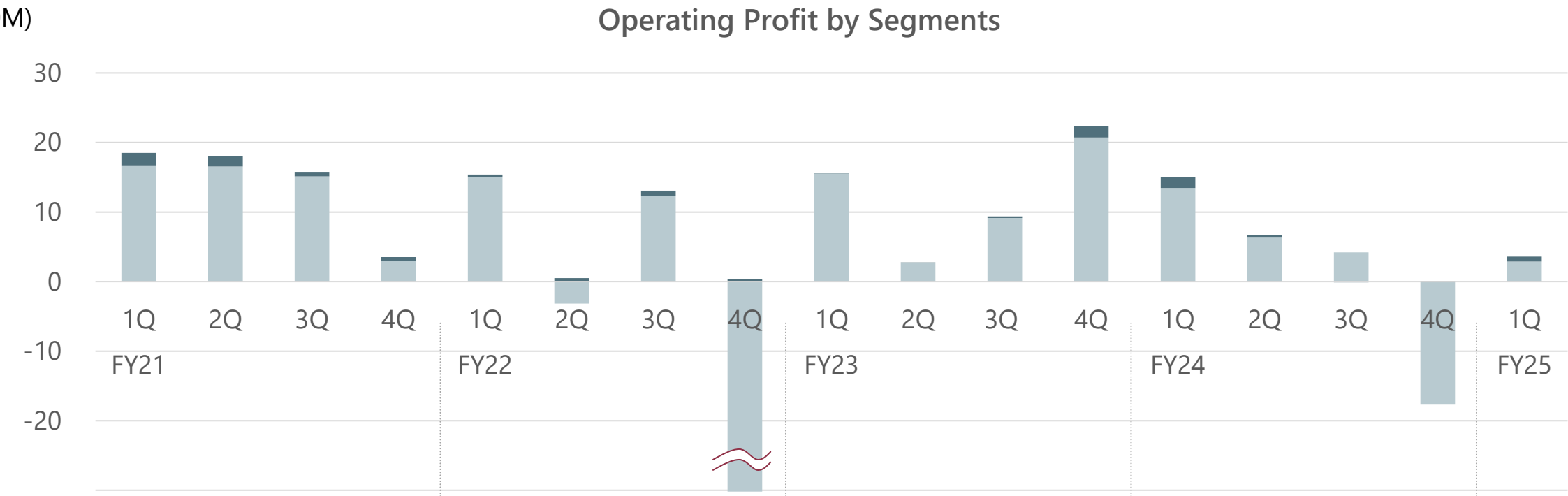
Quarterly Trends by Segments (Operating Profit)

(¥100M)



	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	2Q FY22	3Q FY22	4Q FY22	1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	2Q FY24	3Q FY24	4Q FY24	1Q FY25
Precision Components	16.7	16.5	15.1	3.0	15.0	-3.2	12.3	-78.8	15.5	2.6	9.2	20.7	13.5	6.4	4.2	-17.7	2.9
Others	1.8	1.5	0.6	0.6	0.4	0.5	0.7	0.3	0.1	0.1	0.2	1.7	1.6	0.2	-0.1	0.1	0.7

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'Others' segment indicates 'Blower Real Estate Business' segment from FY2024Q4

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Sustainability Initiatives (Supplementary Information)

Sustainability 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

Carbon Disclosure Project (CDP)

- Carbon Disclosure Project (CDP): the world's economy looks to CDP as the gold standard of environmental reporting. The aim of CDP is to see a thriving economy that works for people and planet in the long term. CDP focus investors and companies on building a sustainable economy by measuring and acting on their environmental impact.
- TN obtained Level B in FY2024 for "Climate Change". Improvement from B- in FY2023.

Science Based Targets Initiative (SBTi)

- Science Based Targets Initiative (SBTi): TN's greenhouse gas emissions reduction targets have been certified by the SBTi as a "Science Based Targets".
- TN commits to reduce absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2022 base year.
- TN also commits to reduce absolute scope 3 GHG emissions 25% by 2030 from a 2023 base year.

Trends and roadmap of total TN CO_2 emissions

(CO_2 tons)

2022	2023	2024	2025	2026	2027	2028	2029	2030
109,610[1)]	94,595[1)]	65,469	85,691	80,351	75,012	69,672	64,332	58,922

1) Figures include discontinuining operations.

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