

1H FY2024 Results Presentation

August 9, 2024

Tsubaki Nakashima Co., Ltd.

(Prime Market of TSE 6464)



Points for Disclosure of 1H FY2024 Results Presentation

Changes in disclosures are as follows, due to the classification of the manufacturing and selling of ball screws and ball ways as discontinued operations (same as 1Q disclosure)

- 1H FY2024 results are disclosed primarily as figures for continuing operations only, excluding discontinued operations
- Segments are classified into "Precision Component Business" and "Others"

Summary for 1H FY2024

Sales

- Sales: Weak yen contributed to 6.9% increase YoY
- Growth strategy: "Ceramic Balls" and "Sales Expansion in Asia" were sluggish, while "Medical Devices" grew steadily

Profits

- While there was no more one-time cost, due to inventory valuation losses, resulting in operating profit of ¥2.2 billion (up 17.9%)

Dividend

- Interim dividend ¥15/share
- Year-end dividend ¥20/share. Annual dividend ¥35/share as per guidance

Others

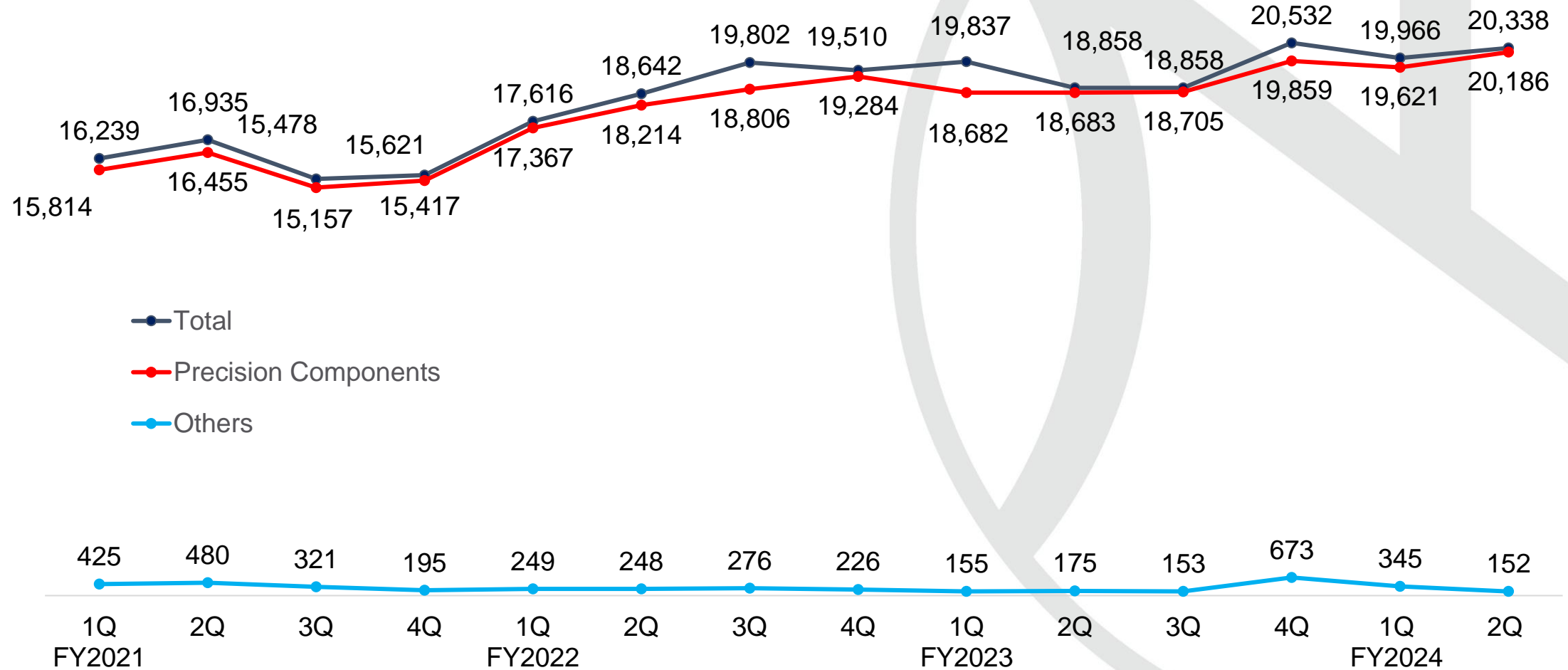
- The next mid-term plan, covering the period from FY2025 to FY2027, is scheduled to be announced in conjunction with the financial results announcement in February of next year

Sales by Quarter (continuing operations only)

Sales of Precision Components increased by 8.0% YoY, by 2.9% QoQ

Sales of Others decreased by 13.1% YoY, by 55.9% QoQ

(¥million)

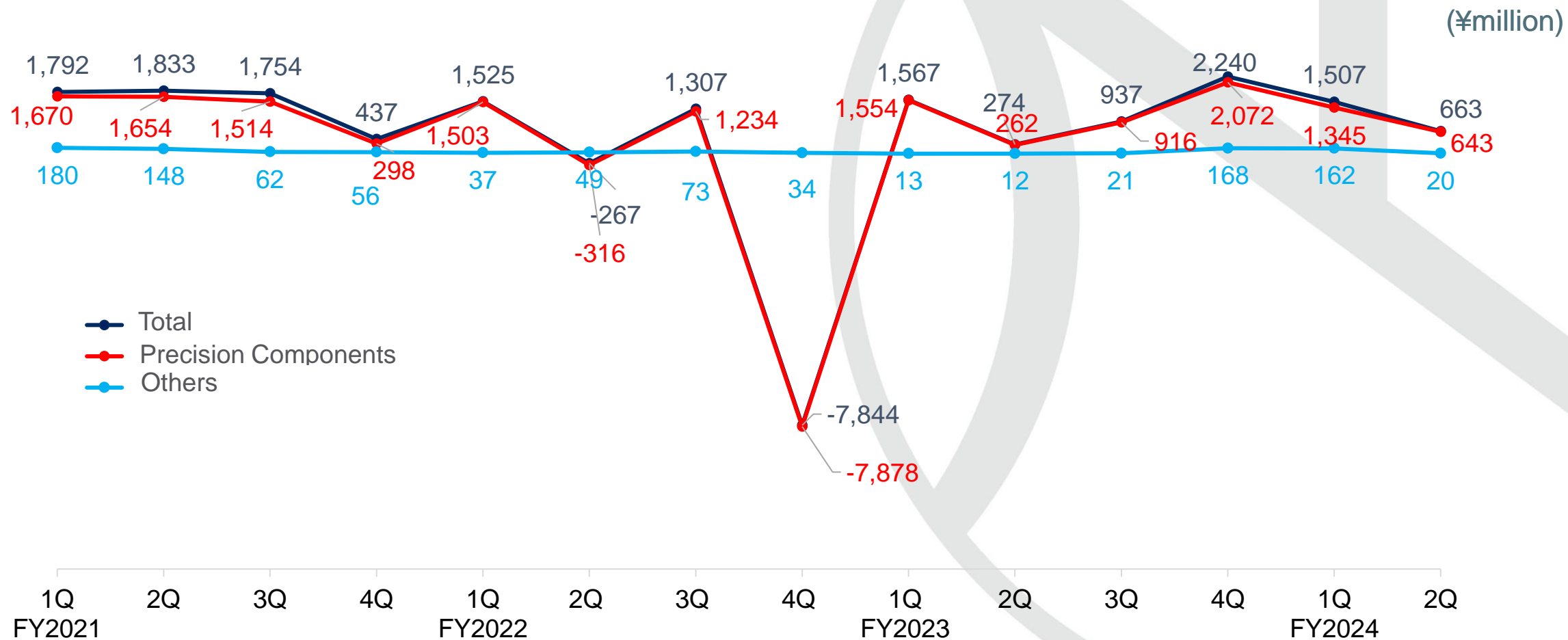


※ The above figures through the end of 2023 have not been audited by an accounting auditor

Operating profit by Quarter (continuing operations only)

OP of Precision Components : Increased by 2.5 times YoY, decreased by 52.2% QoQ

OP of Others : Increased by 66.7% YoY, decreased by 87.7% QoQ



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

1H FY2024 Consolidated results (YoY)

Sales (excluding FX impact) decreased by 3.3% YoY, OP increased by 9.1% YoY

(¥million)

	FY2023	FY2023	FY2024			
	1 H	1 H	1H			
	Actual (Including "discontinued operations")	Actual ("continuing operations" only)	Actual ("continuing operations" only)	FX impact	Inc/dec ^{※1}	Inc/dec% ^{※1}
Sales	39,565	37,695	40,304	3,841	▲ 1,232	▲ 3.3%
Operating profit	1,896	1,841	2,170	161	168	9.1%
OP%	4.8%	4.9%	5.4%	—	—	—
EBITDA	3,444	3,275	3,826	161	390	11.9%
EBIT	1,821	1,748	2,764	148	868	49.7%
Net profit	911	911	1,703	72	720	79.0%

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

1H FY2024 Segment/Region Sales (YoY)

(¥million)

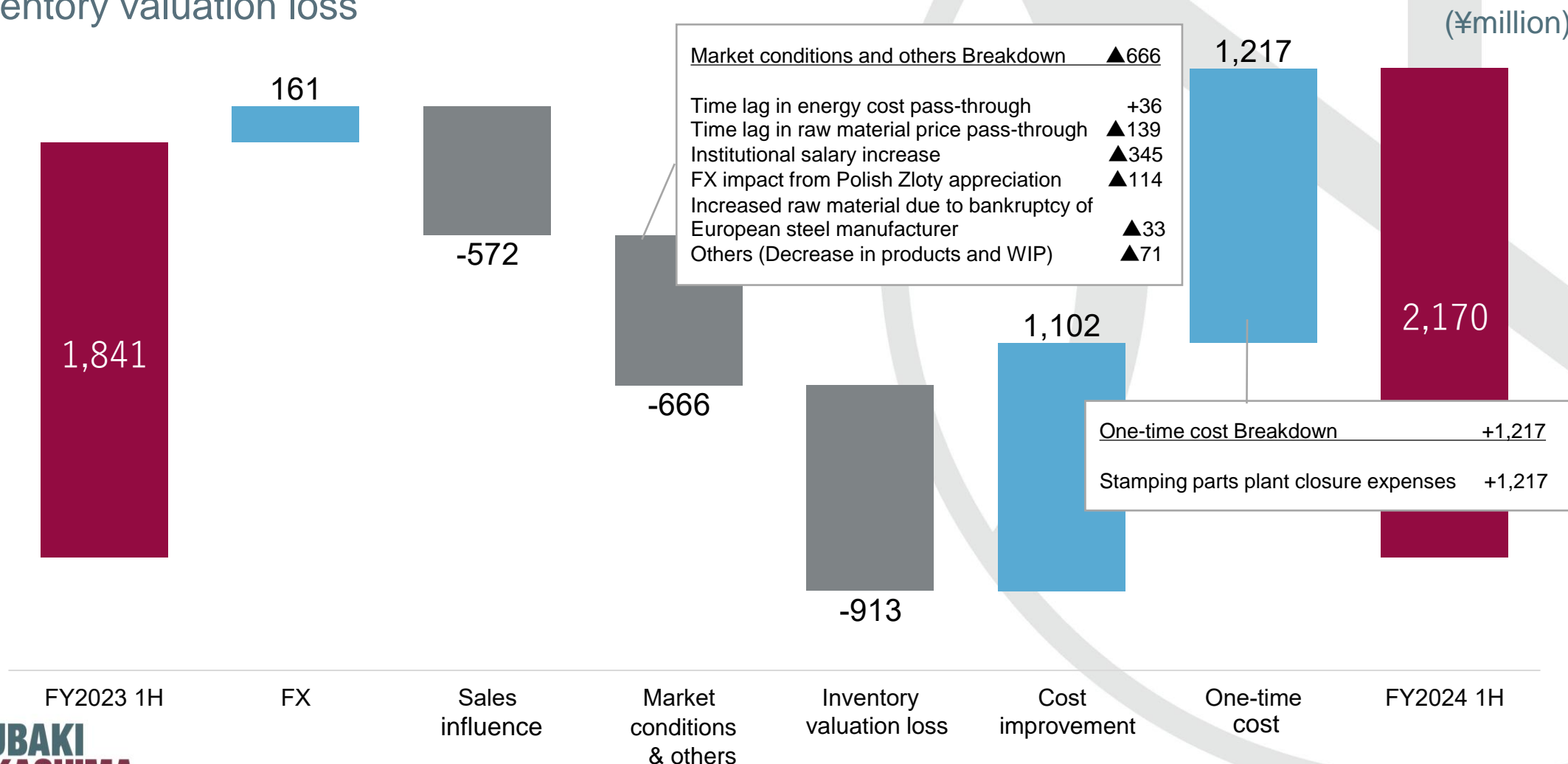
	FY2023	FY2023	FY2024			
	1 H	1 H	1H			
	Actual (Including "discontinued operations")	Actual ("continuing operations" only)	Actual ("continuing operations" only)	FX impact	Inc/dec ^{※1}	Inc/dec% ^{※1}
Consolidated	39,565	37,695	40,304	3,841	▲ 1,232	▲ 3.3%
Precision Components ^{※2}	37,365	37,365	39,807	3,841	▲ 1,399	▲ 3.7%
Japan	7,151	7,151	5,944	0	▲ 1,207	▲ 16.9%
North America	7,602	7,602	8,013	950	▲ 539	▲ 7.1%
Europe	13,655	13,655	14,372	1,907	▲ 1,190	▲ 8.7%
China	7,188	7,188	8,386	706	492	6.8%
Asia(ex. China)	1,770	1,770	3,092	278	1,044	59.0%
Others	2,200	330	497	0	167	50.6%

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

※2 Excluding inter-regional transaction

1H FY2024 Operating profit bridge

OP increased 17.9% YoY to ¥2,170 million due to cost improvements and the absence of plant closure expenses recorded in FY2023, despite the decrease in sales excluding FX impact and inventory valuation loss



BS/CF

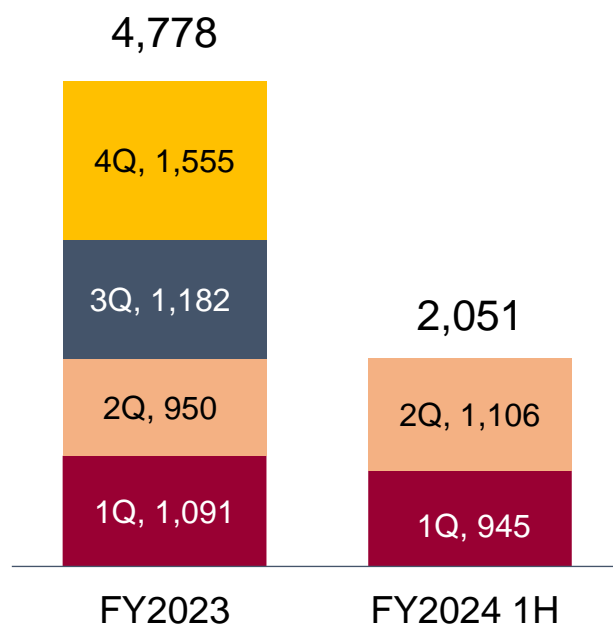
Inventory Turn-over (months)

Increase in inventory due to sales decline



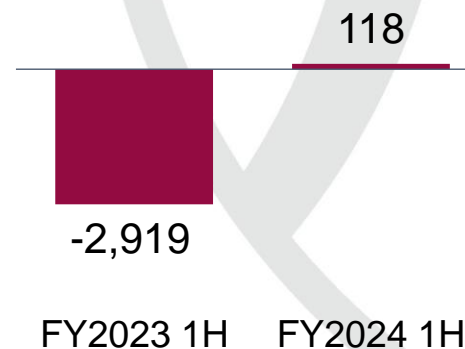
CAPEX (¥million)

Progressing as planned



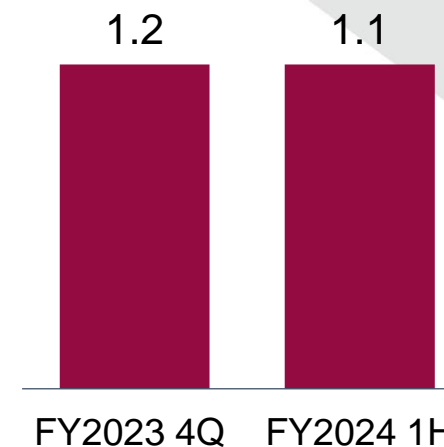
Free CF (¥million)

- Working capital improvement, primarily in payables (+¥1.2 bn)
- Profit increase (+¥0.6 bn)
- Restructuring Expenses(+¥0.7 bn) (2023 roller vs. 2024 stumping)
- Others (+¥0.5 bn)



Net DE Ratio (%)

Improvement through reduction in interest-bearing debt



Progress in Growth Strategies (1H FY2024)

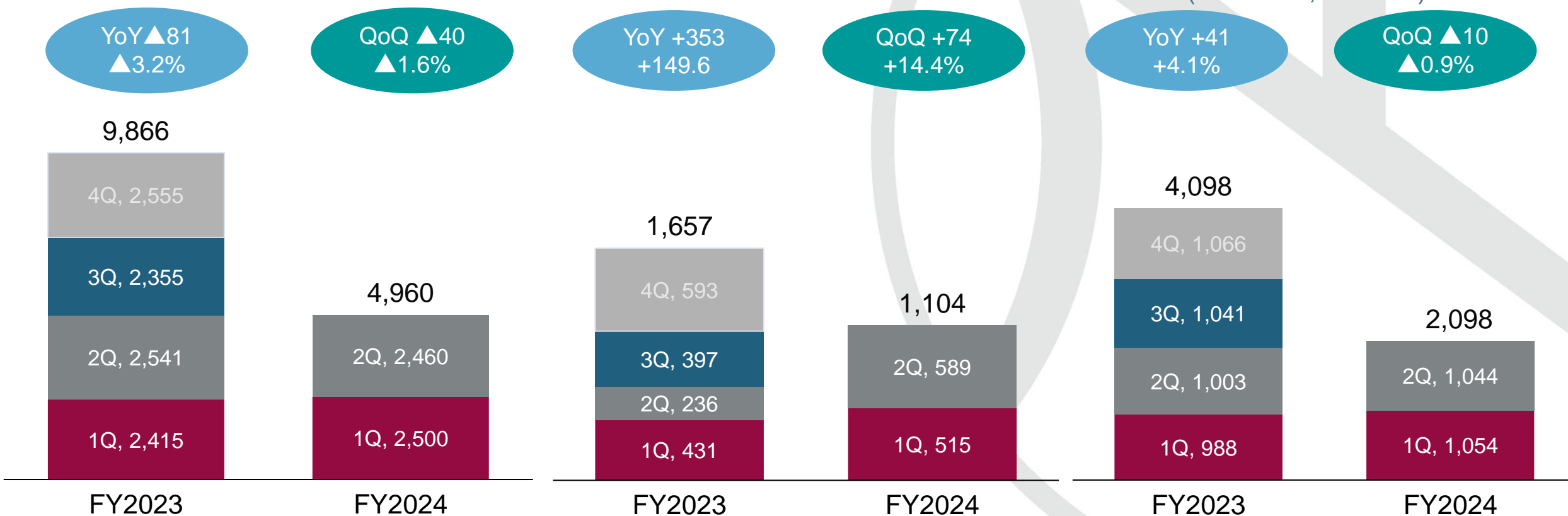
“Ceramic balls” and “Growth in Asia” were at a standstill, while “Medical Device” showed significant growth

(¥million)

Ceramic balls

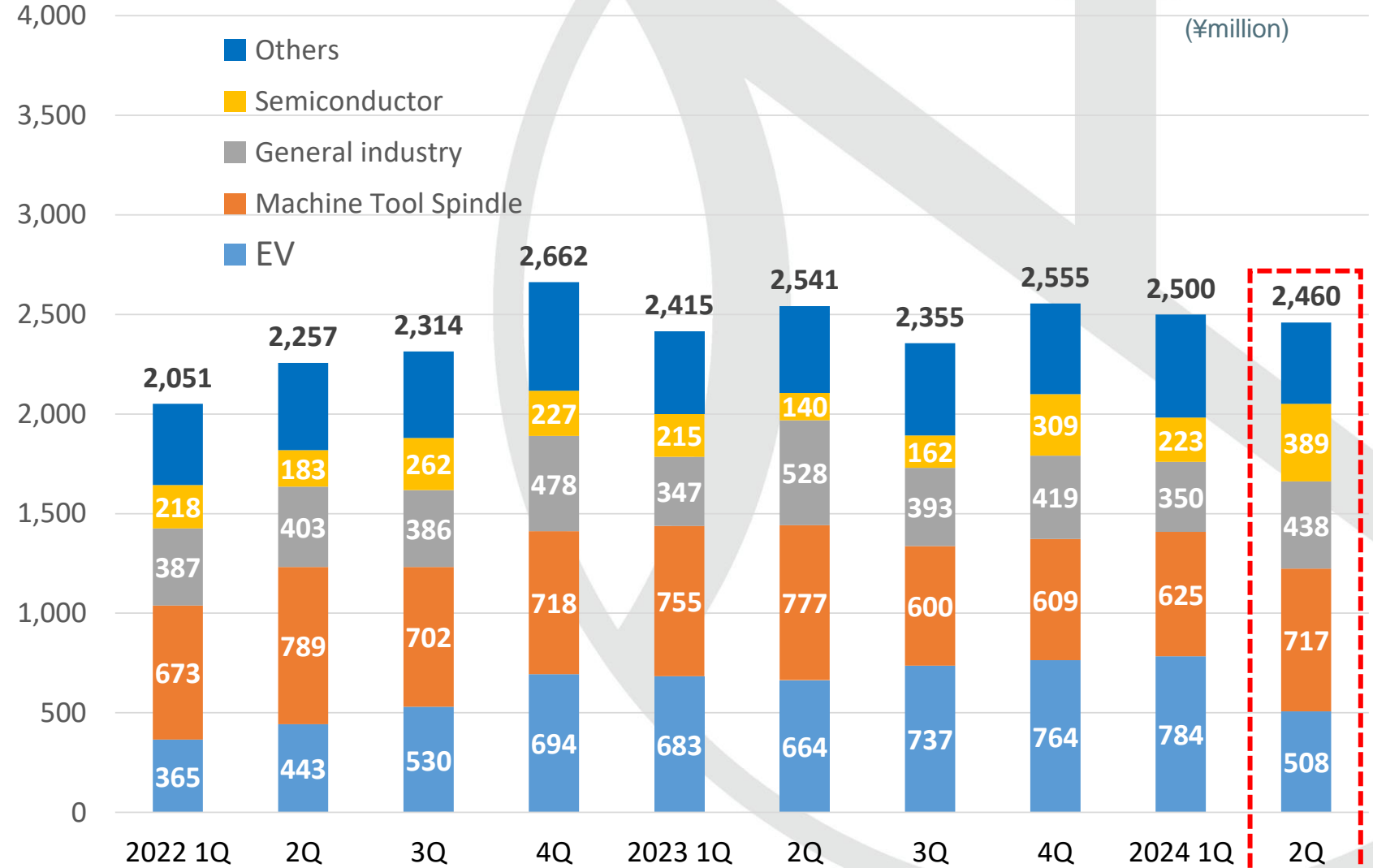
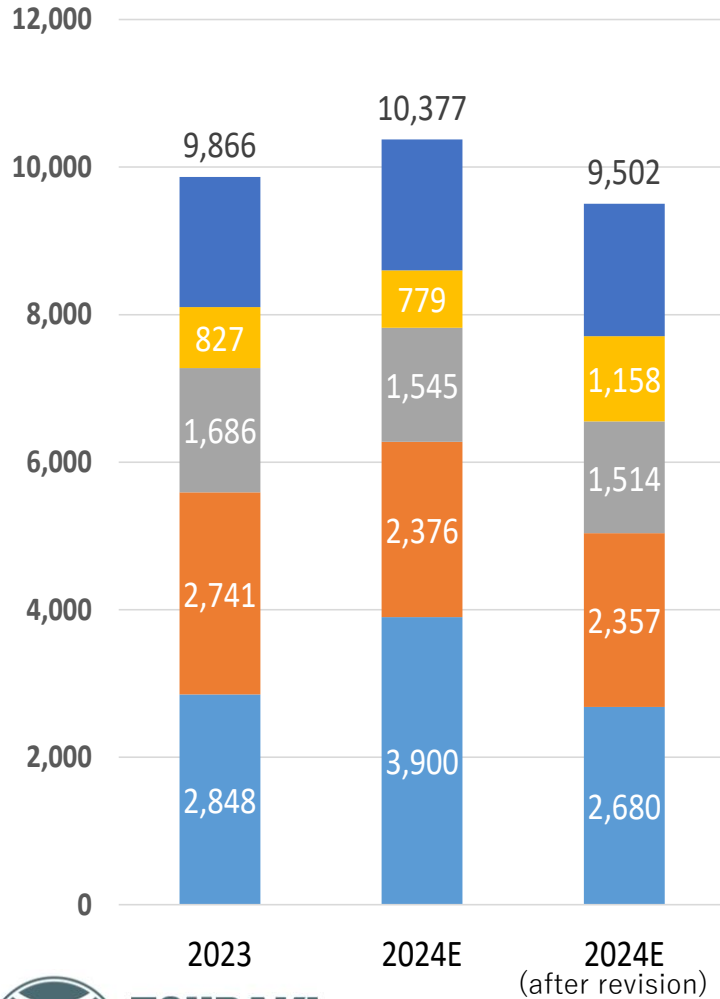
Medical Device

Growth in Asia
(ex. China, ceramic)



Ceramic Ball Sales Trend / Forecasts by Application

Annual sales forecast revised downwards due to slower than expected growth, mainly in EV application



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



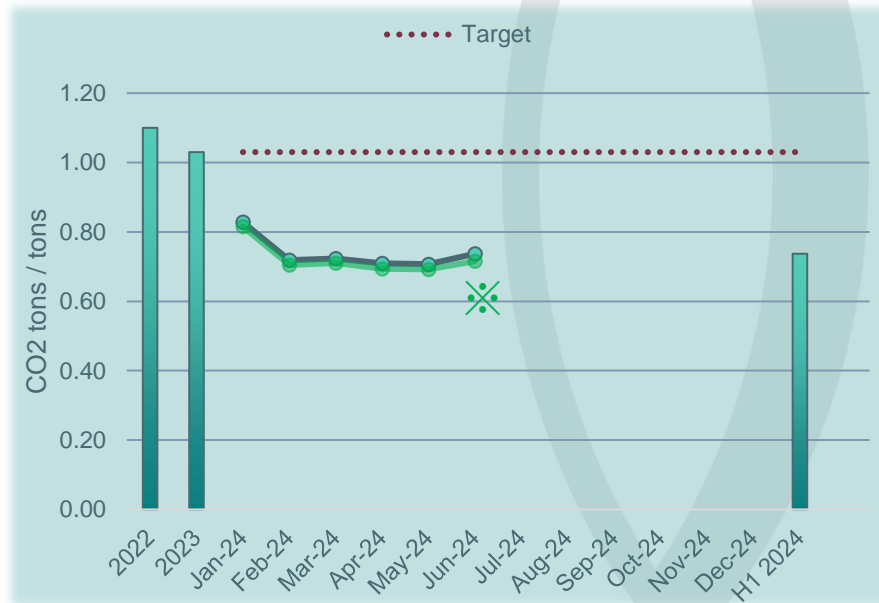
- -42% CO₂ tons by 2030 compared to 2022
- Aiming to achieve carbon neutrality by 2050

CARBON FOOTPRINT

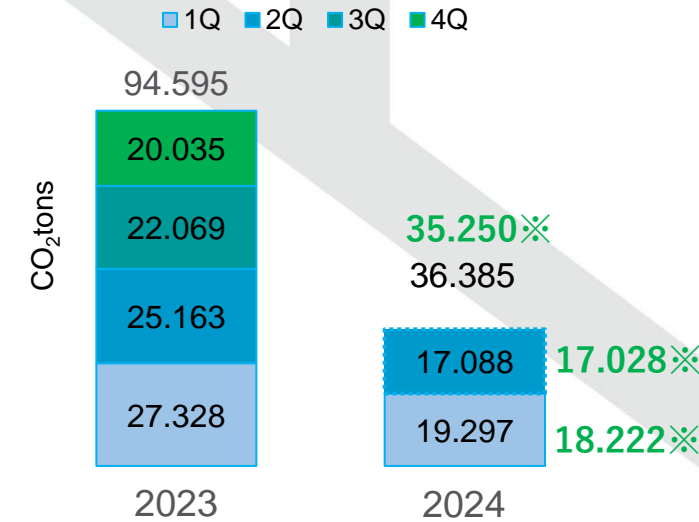
CO ₂ tons / tons	2023	H1 24 (Q1 + Q2)	% 24 vs 23
JAPAN	1,10	0,87 0,68*	-27% -62%*
EUROPE	1,04	0,77	-34%
CERAMIC	19,3	11,8	-64%
CHINA	0,99	0,64	-55%
AMERICAS	0,81	0,70	-15%
MEDICAL	1,52	1,56	+3%
TSUBAKI NAKASHIMA	1,03	0,74 0,72*	-40% -43%*

* Figures for «continuing operations only» (green letters)

TREND



TOTAL CO₂ EMISSIONS



TN participates in the **CDP Climate Change** (2023: B- score), to monitor its performance from year to year and it is in the process of validating targets with **SBTi**. In this way, TN demonstrates transparency and reliability in sustainability-related communications.

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



Matsuyama's view after 1.5 months as new CEO

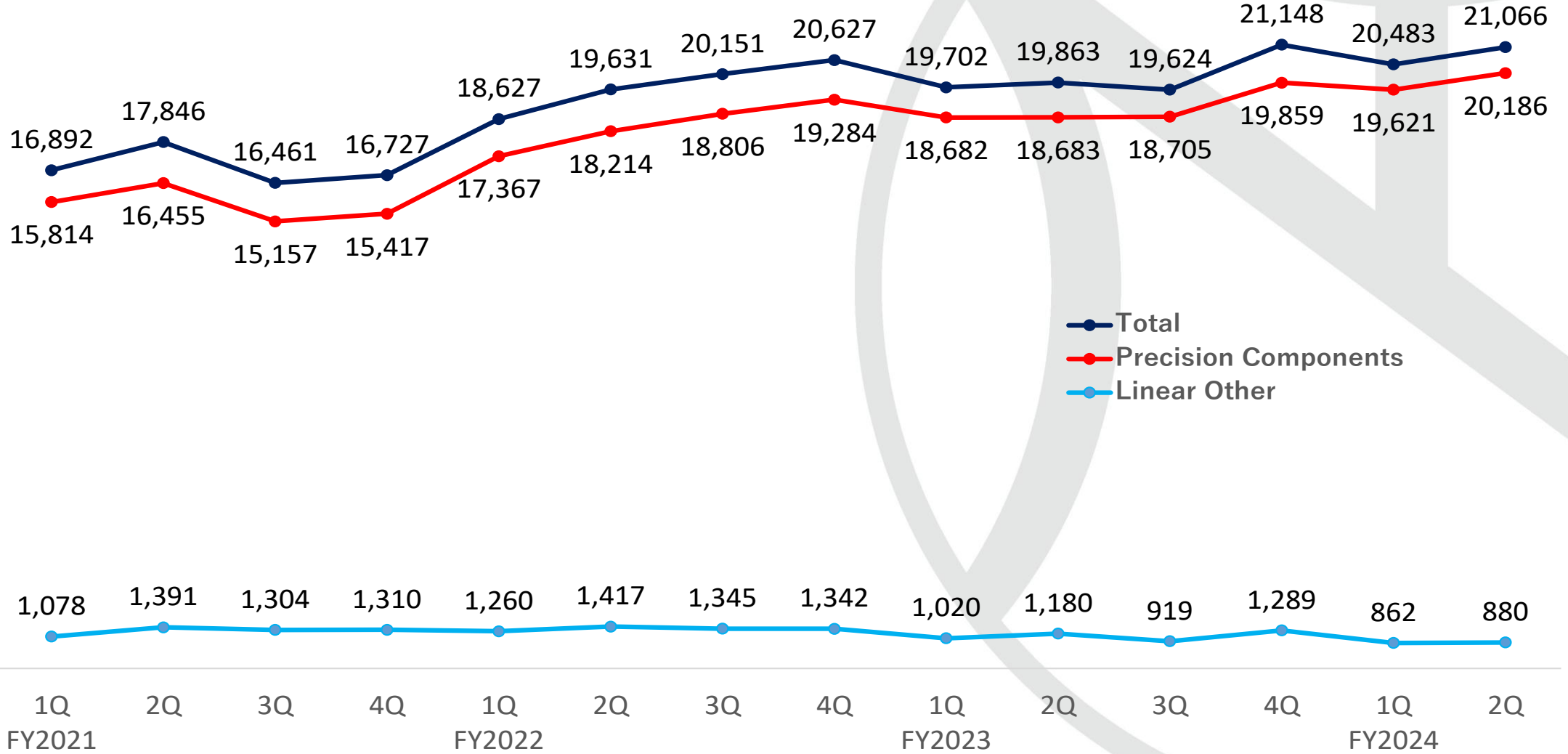
Issues and Future Initiatives for the Next Mid-Term Plan

- Strengthen/replace management team for new Mid-Term Plan
- Reform of organization and management processes
 - Optimize organizational structure and promote communication within the organization
 - Strengthening visualization and quantification of global management processes and management
 - Global control strengthening and optimizing of production, purchasing, sales, HR, etc.
 - Review of incentive structure and performance-based culture
- Growth and high profitability in steel balls, rollers, and other businesses
 - Review of long-term vision/strategy, including pricing strategy
 - Cost reduction through optimization of purchasing costs and production networks
 - Increased productivity through improved operations
 - Review of strategies related to the balance sheet, such as inventory optimization

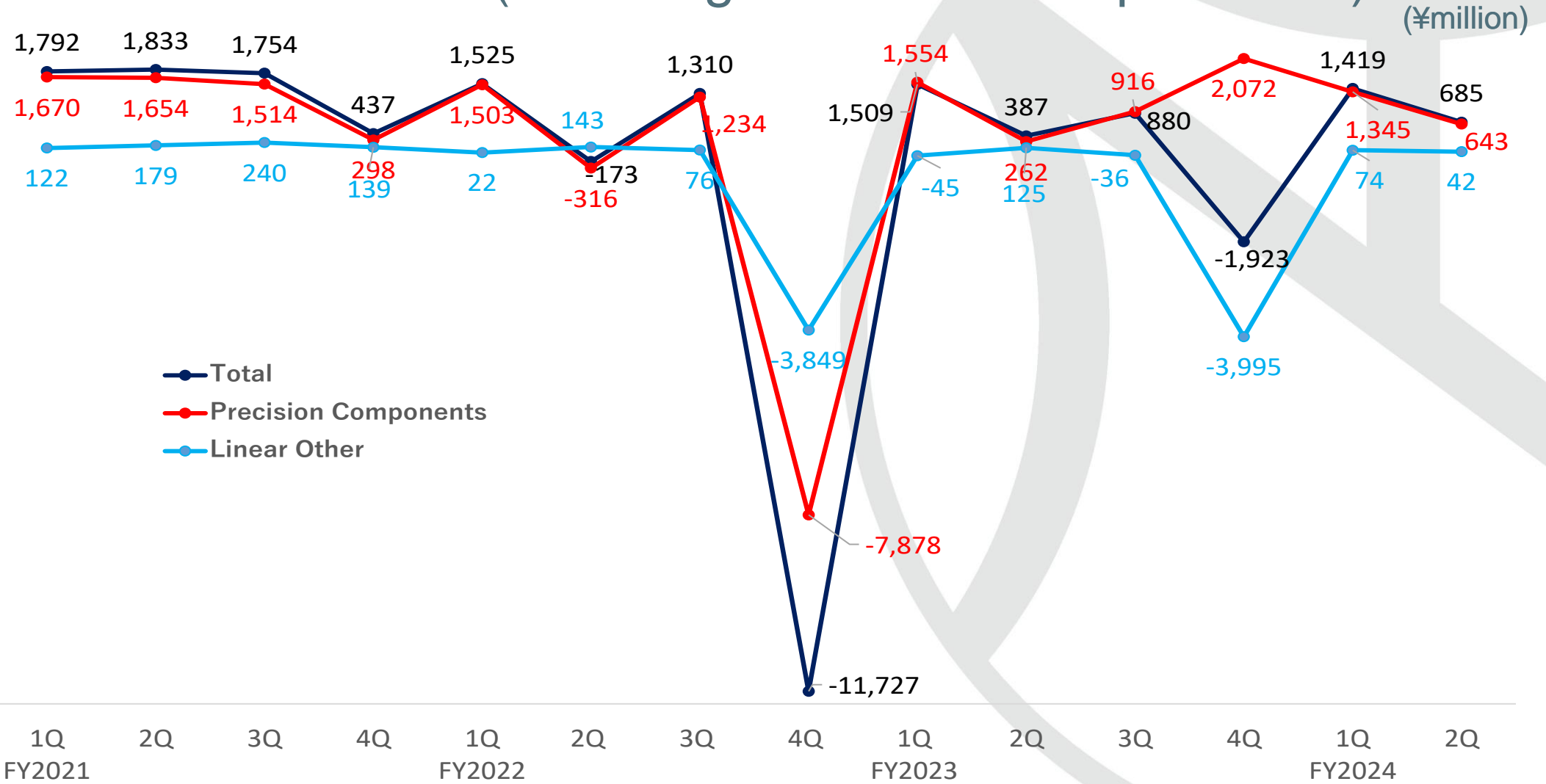
To be disclosed
as the new Mid-Term Plan
at the announcement of the
financial results
in February of next year

【Appendix】 Sales by Quarter (including discontinued operations)

(¥million)



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



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